C/CAG

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

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AGENDA

The next meeting of the Legislative Committee
will be as follows.

Date: Thursday, January 13, 2005 – 5:00 p.m. to 6:00 p.m. (dinner following the meeting at the C/CAG Retreat)

Place: San Mateo County Transit District Office[1]
1250 San Carlos Avenue
Second Floor Auditorium
San Carlos, California

NOTE NEW START TIME AND LOCATION FOR
THIS MEETING

PLEASE CALL WALTER MARTONE (599-1465) IF YOU ARE UNABLE TO ATTEND.

1.	PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA	Presentation is limited to 3 minutes.		5:00 p.m. (5 mins.)
	REGULAR AGENDA			
2.	Minutes of the meeting of December 9, 2004	Action (Martone)	Pages 1-4	5:05 p.m. (5 mins)
3.	Update from C/CAG's Lobbyist in Sacramento (via conference call). A position may be taken on any legislation, including legislation not previously identified.	Potential Action (Wes Lujan & Chuck Cole)	Oral report and pages 5-14	5:10 p.m. (15 mins)
4.	Review and approval of Legislative score sheet for Legislators.	Action (Napier & Martone)	Pages 15-18	5:25 p.m. (15 mins)
5.	Bay Bridge replacement design and financing.	Action (Napier)	Pages 19-50	5:40 p.m. (15 mins)

[1]From Route 101 take the Holly Street (west) exit. Two blocks past El Camino Real go left on Walnut. The entrance to the parking lot is at the end of the block on the left, immediately before the ramp that goes under the building. Enter the parking lot by driving between the buildings and making a left into the elevated lot. Follow the signs up to the levels for public parking.

For public transit access use SamTrans Bus lines 390, 391, 292, KX, PX, RX, or take CalTrain to the San Carlos Station and walk two blocks up San Carlos Avenue.

6.	Review and approval of the C/CAG Board State Legislative Priorities for the 2005 State Legislation Session.	Action (Napier & Martone)	Pages 51-58**	5:50 p.m. (0 mins)
7.	Establish date and time for next meeting (February 10, 2005).	Action (Panza)	No materials	5:50 p.m. (5 mins)
8.	Adjournment.	Action (Panza)	No materials	5:55 p.m.

NOTE: All items appearing on the agenda are subject to action by the Committee. Actions recommended by staff are subject to change by the Committee.

** This item will be addressed as part of the Board Retreat immediately following the Legislative Committee meeting. Committee Members are strongly encouraged to stay for the Retreat and the discussion of this item.

Other enclosures/Correspondence

- None

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
LEGISLATIVE COMMITTEE

MINUTES
MEETING OF DECEMBER 9, 2004

At 5:35 p.m. Chairman Lee Panza called the meeting to order in the Fourth Floor Dining Room at the San Mateo Transit District Office.

Members Attending: Chairman Lee Panza, Vice-Chair Sue Lempert, Marc Hershman, Joe Silva, Mike King, and Deborah Wilder.

Staff/ Guests Attending: Richard Napier (C/CAG Executive Director), Brian Moura (City of San Carlos), David Burruto (Speaker Pro Tem Leland Yee's Office), Walter Martone (C/CAG Staff), Ross Nakasone (County Manager's Office), Rosalie O'Mahony (C/CAG Member).

1. Public comment on items not on the agenda.

- None

2. Minutes of the Meeting of November 11, 2004.

Motion: To approve the minutes of November 11, 2004 as presented. Lempert/Wilder, unanimous.

3. Update from C/CAG's Lobbyist in Sacramento (via conference call).

Wes Lujan reported:

- The first week of December in the Legislature was mostly consumed with the swearing in of the new members and other organizational matters.
- This was also the first opportunity for Legislators to introduce new bills. Some of the bills already introduced or anticipated include:
  - A cap on city councilmember compensation of $150 per month for each commission or committee under that jurisdictions (AB 11).
  - Various bills dealing with prevailing wage requirements.
  - A constitutional amendment to stop Proposition 42 funds from being used to balance the General Fund (ACA 4).
  - A constitutional amendment to limit public employees' pension benefits for new employees (ACA 5).
  - Creation of a split role property tax program in support of increased funding for schools (SB 17).
  - A constitutional amendment to reduce the voting threshold to impose special taxes to 55% (ACA 7).
- The deadline to submit bills to Legislative Council is the last week in January and bills must be introduced by February 20th. There is a 30-day waiting period before

the bills can be heard in policy committees. Therefore it is unlikely that any of the policy committees will hold meetings in January or February.

- Advocation and C/CAG Staff are gearing up for a major push to pass legislation similar to ACA 10 from the last session.
- Senator Torlakson has indicated that he plans on promoting an Initiative similar to Proposition 1A to protect education funding.
- The Community Colleges are also looking to promote an Initiative to protect their funding.
- The auto manufacturers are challenging the Governor in a lawsuit over the greenhouse gas emissions bill that he signed into law.
- The budget deficit for next year is anticipated to approach $10 billion. It is expected that this issue will eclipse all other legislation in the upcoming session.
- The energy crisis is expected to once again hit California. It is anticipated that natural gas prices will spike and that there will be insufficient hydroelectric generation to meet the demand.

David Burruto from Assembly Speaker Pro Tem Leland Yee's Office reported:

- Mr. Burruto provided a copy of the Legislative Analyst's Office budget outlook. It shows that some revenues are up, but gambling revenues are down. They are projecting a budget deficit of over $10 billion.
- The Governor may have to consider Statewide development and infrastructure fees and increased fees on ports and goods movement, as measures to close the budget shortfall.
- Negotiations are continuing on how to pay for the Bay Bridge cost overruns. The Los Angeles Port is also seeking an additional $8 from the State for infrastructure improvements. If the State assists the LA Port, this may provide some Bay Area leverage to get the State to pay more of the cost of the Bay Bridge.
- There may be another attempt to shift the cost of support the courts to the cities.
- Redevelopment funds may also become a target this year to divert to the budget deficit.

4. Review and approval of Legislative score sheet for Advocation and Legislators.

This item was held over for one month.

5. Review and approval of the C/CAG Board State Legislative Priorities for the 2005 State Legislative Session.

This item was continued from the November 11, 2004 meeting. The various suggestions and comments made at that time were incorporated into the new draft that was included with the packet for the December 9th meeting. The following additional input was provided. Please note that the numbering of the Objectives does not imply an order of priority unless specifically noted:

a. Objective 1 – The 4th strategy was reworded to state "Support efforts to modify NPDES requirements as a way to stimulate business development while still working to improve the quality of the Ocean, Bay, streams, creeks, and other

waterways." The Committee wanted to clarify that C/CAG is a strong supporter of environmental protection, and that they believe the NPDES requirements can be crafted to be supportive of both business development and the environment. It was recommended that this objective continue to be C/CAG's Priority # 1.

b. Objective 1 – The 5th strategy was augmented to add, "There is insufficient scientific methods to evaluate the benefits of TMDL measures. For that reason C/CAG supports instead the implementation of Best Management Practices (BMPs).
c. Objective 2 – This objective was combined with Objective 8 (cost sharing for the Bay Bridge construction) and made Priority # 3.
d. Objective 3 – This objective was made Priority # 4.
e. Objective 4 – C/CAG Staff was requested to survey the cities/County to determine whether jurisdictions are interested in trading funds to build housing. It was noted that the intent of this objective is to ensure that these housing funds remain within San Mateo County and not get raided by the State, and to develop mutually beneficial cooperative agreements among jurisdictions to promote affordable housing. It was agreed that this objective will require further discussion.
f. Objective 5 – This objective was made Priority # 6.
g. Objective 6 – This objective was made Priority # 5
h. Objective 7 – This objective will be held for consideration at a future time. It does not appear that the climate is right to advocate for congestion pricing at this time.
i. Objective 8 – This Bay Bridge financing objective was added to objective 2.
j. Objective 9 – It was decided that this list of possible measures to improve the State and local government financing picture should be held and reviewed against what bills get introduced this year. Depending on the legislation that emerges, C/CAG may want to become more active on this issue.
k. Objective 10 – This objective was made Priority # 2 and the wording of the Objective was augmented with the words "including the protection of redevelopment funds and programs. Additions to the strategies included:
    1) The 20% redevelopment housing set aside is the primary source of housing funds for cities and counties and must be protected and preserved.
l. Objective 11 – This objective was augmented to include watching the developments related to the study of restoring the Hetch-Hetchy Valley and removing the dam. Items added to the strategies included:
    1) Support efforts to develop incentives for alternative energy and green building programs including reclaimed water.
    2) Follow and support the efforts of the PUC to protect our water source.

    It was decided that the Committee would follow bills dealing with these items, but would not assign this Objective a priority number at this point.

The changes to the Legislative Program will be incorporated and brought back to the Committee for review at the next meeting. It was also recommended that the finalized list of priorities be shared with the mayors of all of the cities in the State.

6. Establish date and time for next meeting (January 13, 2005).

The next meeting was tentatively set for January 13, 2005 at 5:00 p.m. at the Fourth Floor Dining Room at the San Mateo County Transit District Office. This date and time will be contingent upon the confirmation of the C/CAG retreat date and time for January.

7. Adjournment.

The meeting was adjourned at 6:52 p.m.

C/CAG AGENDA REPORT

Date: January 13, 2005

To: C/CAG Legislative Committee

From: Walter Martone

Subject: REVIEW AND APPROVAL OF C/CAG LEGISLATIVE POSITIONS AND LEGISLATIVE UPDATE (A position may be taken on any legislation, including legislation not previously identified).

(For further information contact Walter Martone at 599-1465 or Richard Napier at 599-1420)

RECOMMENDATION

That the Legislative Committee accept the attached report on State legislation.

FISCAL IMPACT

None directly to C/CAG.

SOURCE OF FUNDS

Not applicable.

BACKGROUND/DISCUSSION

Attached is a list of the bills that are currently being tracked by the C/CAG Legislative Committee and the C/CAG Lobbyist. January 21st is the last day to submit bill requests to the Office of the Legislative Counsel, and February 18th is the last day for bills to be introduced to the Legislature. Constitutional amendments and urgency measures are exceptions to these rules. They can be introduced at any time throughout the year.

ATTACHMENTS

- C/CAG legislative positions and tracking of bills.

C/CAG LEGISLATIVE POSITIONS AND TRACKING STATUS FOR 2005

Bill #	Author	Subject	C/CAG Position	Status	Location	Lobbyist Priority	Votes of San Mateo County Delegation * indicates a match with the C/CAG position. Abstentions/absences noted with "A"				
							Mullin	Ruskin	Yee	Simitian	Speier
Airport Land Use											
Bicycle and Pedestrian											
AB 56	Wolk	Bicycle Signals			Asm Trans						
Budget											
ACA1	Calderon	Two-year budget									
SCA 2	McClintock	General Fund expenditures exceeding budget									
Contracting											
Energy											
SB 1	Murray	Renewable energy									
ERAF											
Housing											
Land Use Authority											
SB 44	Kehoe	General Plans: air quality									

		element									
Bill #	**Author**	**Subject**	**C/CAG Position**	**Status**	**Location**	**Lobbyist Priority**	**Votes of San Mateo County Delegation**				
							Mullin	Ruskin	Yee	Simitian	Speier
Local Government Finance											
ACA 7	Nation	Special taxes: voter approval									
Mandates											
Other Local Government Interest											
Property Tax											
AB 62	Strickland	Renters' credit									
SB 17	Escutia	Change in ownership									
Public Employees Compensation and Benefits											
ACA 5	Richman	Retirement: defined contribution plan									
ACAX 1 1	Richman	Retirement: defined contribution plan									
Redevelopment											
Sales & Use Tax											
Smart Growth											

Bill #	Author	Subject	C/CAG Position	Status	Location	Lobbyist Priority	Votes of San Mateo County Delegation				
							Mullin	Ruskin	Yee	Simitian	Speier
Solid Waste and Recycling											
Stormwater Pollution Prevention											
Transportation - Roads											
Transportation – All Modes											
ACA 4	Plescia	Prop. 42 protection									
Transportation - Transit											
Water											

Total # of bills introduced in the 2005-2006 session		176
Total # of bills that C/CAG reviewed and took positions on		
% of total bills that C/CAG took positions on		1%
# of bills with no action taken		bills = %
Summary of C/CAG positions		
• Support		bills = %
• Oppose		bills = %
• Neutral		bills = %
• Request additional information		bills = %
• Watch		bills = %

Updated January 7, 2005		

ACTION REPORT WITH SUMMARY BY SUBJECT

All Bills Tracked

Bicycle and Pedestrian

AB 56 **(Wolk) Transportation: bicycles.** I - 12/06/2004

Status:

01/06/2005 - ASM TRANS. Referred to Com. on TRANS.

Calendar:

Summary

Existing law, until January 1, 2005, applies color-lighted bicycle symbols shown by official traffic control signals to operators of bicycles . Existing law authorizes those bicycle signals to be used only at locations that meet specified standards adopted by the Department of Transportation . This bill would extend those provisions indefinitely . Because this bill would expand the scope of an existing crime, the bill would impose a state -mandated local program. This bill contains other related provisions and other existing laws .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG			3	*Bicycle and Pedestrian*	

Budget

ACA 1 **(Calderon) Two-Year Budget.** I - 12/06/2004

Status:

12/07/2004 - ASM PRINT From printer. May be heard in committee January 6.

Calendar:

Summary

The California Constitution requires that a budget be submitted by the Governor, and that a Budget Bill be passed by the Legislature, for each fiscal year . This measure would express the intent of the Legislature to enact the necessary statutory changes, and to propose to the people the necessary constitutional changes, to enact a budget for a two -year fiscal period .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG			3	*Budget*	

SCA 2 **(McClintock) Budget process.** I - 12/06/2004

Status:

12/07/2004 - SEN PRINT From print. May be acted upon on or after January 6.

Calendar:

Summary

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ACTION REPORT WITH SUMMARY BY SUBJECT

All Bills Tracked

The California Constitution provides that if, following the enactment of the Budget Bill, the Governor determines that, for that fiscal year, General Fund revenues will decline substantially below the estimate of General Fund revenues upon which the Budget Bill for that fiscal year was based, or that General Fund expenditures will increase substantially above that estimate of General Fund revenues, or both, the Governor may issue a proclamation declaring a fiscal emergency and cause the Legislature to assemble in special session . The proclamation is required to identify the nature of the fiscal emergency and be accompanied by proposed legislation to address the fiscal emergency . If the Legislature fails to pass and send to the Governor a bill or bills to address the fiscal emergency by the 45th day following the issuance of the proclamation, the Legislature is prohibited from acting on any other bill or adjourning for a joint recess, until that bill or those bills have been passed and sent to the Governor. This measure would eliminate these requirements . It would provide instead that if, following the enactment of the Budget Bill for the 2006-07 fiscal year or any subsequent fiscal year, the Governor determines that General Fund expenditures will exceed estimated General Fund revenues for that fiscal year, the Governor shall, by proclamation, reduce or eliminate one or more items of appropriation from the General Fund for that fiscal year as necessary to prevent General Fund expenditures from exceeding the estimate of General Fund revenues for that fiscal year . It would also require the Governor to suspend for that fiscal year the operation of any statute to the extent the reduction or elimination of an item of appropriation pursuant to this paragraph renders infeasible the operation of that statute . This measure would authorize the Legislature to cancel or amend any such action, pursuant to a specified procedure . This bill contains other related provisions and other existing laws .

Organization	Assigned	Position	Priority	Subject	Groups
Office	Suboffice	Misc1	Misc2		
C/CAG		.	3	*Budget*	

Energy

SB 1 **(Murray) Energy: renewable energy resources : California Renewables Portfolio Standard Program .** I - 12/06/2004

Status:
12/07/2004 - SEN PRINT From print. May be acted upon on or after January 6.

Calendar:

Summary

Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to expand and accelerate development of alternative sources of energy, including solar resources . Existing law requires the Energy Commission, until January 1, 2006, and to the extent that funds are appropriated for that purpose in the annual Budget Act, to implement a grant program to accomplish specified goals, including making solar energy systems cost competitive with alternate forms of energy . This bill would establish the Solar Homes Peak Energy Procurement Subaccount within the Emerging Renewable Resources Account and would make the moneys therein available, upon appropriation by the Legislature, to fund the Solar Homes Peak Energy Procurement Program, which the bill would establish . The bill would require the Energy Commission to award rebates, and would authorize the Energy Commission to provide incentives, to support the installation of solar energy systems, as defined, on existing and new residential construction . The bill would require that the amounts collected to fund energy efficiency, renewable energy, and research, development, and demonstration be set at the levels established by the PUC for 2005, and would require that any moneys collected above those 2005 levels during 2006 and 2007 be transferred to the Solar Homes Peak Energy Procurement Subaccount . This bill contains other related provisions and other existing laws .

Organization	Assigned	Position	Priority	Subject	Groups
Office	Suboffice	Misc1	Misc2		
C/CAG			3	*Energy*	

Land Use Authority

ACTION REPORT WITH SUMMARY BY SUBJECT

All Bills Tracked

SB 44 **(Kehoe) General plans: air quality element.** I - 01/04/2005

Status:

01/05/2005 - SEN PRINT From print. May be acted upon on or after February 3.

Calendar:

Summary

Existing law requires the legislative body of each county and city to adopt a comprehensive, long -term general plan for the physical development of the county or city, and of any land outside its boundaries that bears relation to its planning. The law requires the plan to include a specified land use element that designates the proposed general distribution and general location and extent of the uses of the land for housing, business, industry, open space, and other categories of public and private uses of land . Existing law specifically requires the legislative body of each city and county within the jurisdictional boundaries of the San Joaquin Valley Air Pollution Control District to amend appropriate elements of its general plan to include specified information to improve air quality . This bill would make legislative findings and declarations regarding air pollution problems in this state . The bill additionally would require the legislative body of each city and county, other than those in the San Joaquin Valley Air Pollution Control District, to amend the appropriate elements of its general plan to include data and analysis, comprehensive goals, policies, and feasible implementation strategies to improve air quality no later than one year from the date specified for the next revision of its housing element . This bill contains other related provisions and other existing laws .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG			*3*	*Land Use Authority*	

Local Govt Finance

ACA 7 **(Nation) Local governmental taxation: special taxes: voter approval.** I - 12/06/2004

Status:

12/07/2004 - ASM PRINT From printer. May be heard in committee January 6.

Calendar:

Summary

The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of 2/3 of the voters of the city, county, or special district voting on that tax, except that certain school entities may levy an ad valorem property tax for specified purposes with the approval of 55% of the voters within the jurisdiction of these entities . This measure would change the 2/3 voter-approval requirement for special taxes to instead authorize a city, county, or special district to impose a special tax with the approval of 55% of its voters voting on the tax . This measure would also make technical, nonsubstantive changes to these provisions .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG	*Walter Maitone*		*3*	*Local Govt Finance*	

Property Tax

AB 62 **(Strickland) Property taxation: homeowner's property exemption: renters' credit.** I - 12/09/2004

Status:

01/06/2005 - ASM REV. & TAX Referred to Com. on REV. & TAX.

Calendar:

Summary

ACTION REPORT WITH SUMMARY BY SUBJECT

All Bills Tracked

Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' property tax exemption in the amount of $ 7,000 of the full value of a "dwelling," as defined . The California Constitution authorizes the Legislature to increase the amount of the exemption . This bill would, pursuant to the Legislature's authority under the California Constitution, increase the amount of this property tax exemption to $25,000. This bill contains other related provisions and other existing laws .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG			3	Property Tax	

SB 17 **(Escutia) Property Tax: Change in Ownership.** I - 12/06/2004

Status:

12/07/2004 - SEN PRINT From print. May be acted upon on or after January 6.

Calendar:

Summary

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property . For purposes of this limitation, "full cash value " is defined as the assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value " or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred . Existing property tax law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs when a legal entity or other person obtains a controlling or majority ownership interest in the legal entity . Existing law also specifies other circumstances in which certain transfers of ownership interests in legal entities result in a change in ownership of the real property owned by those legal entities . This bill would instead specify that when ownership interests in a legal entity, as defined, are transferred, the real property directly or indirectly owned by that legal entity has changed ownership in proportion to that portion of the ownership interests in the entity that were transferred . This bill would also provide that all of the real property owned by a legal entity in the state has undergone a change in ownership when over 50% of the ownership interests in that entity have been transferred, as specified . This bill would also specify, in the case of a publicly traded company, that all of the real property owned by the company in the state has undergone a change in ownership when over 50% of the ownership interests in that company have been transferred . This bill would establish a rebuttable presumption that, as of January 1, 2006, and on January 1 of each 3rd fiscal year thereafter, all of the real property owned by a publicly traded company in the state has undergone a change in ownership. This bill would require local assessors to notify a publicly traded company of this presumption and allow an assessee or an assessor to rebut this presumption in a specified manner . This bill would also require the State Board of Equalization to promulgate regulations to implement these provisions . This bill contains other related provisions and other existing laws .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG			3	Property Tax	

Public Employees Compensation

ACA 5 **(Richman) Public retirement systems.** I - 12/06/2004

Status:

12/07/2004 - ASM PRINT From printer. May be heard in committee January 6.

Calendar:

Summary

ACTION REPORT WITH SUMMARY BY SUBJECT

All Bills Tracked

The California Constitution reserves a role for the elected officials of this state in the governance of public pension systems through several means, including the power to determine the appropriateness of retirement benefits for public employees . This measure would establish the California Public Employee Defined Contribution Plan . The measure would provide that on and after July 1, 2007, any person hired as a new employee by a public agency may enroll only in a defined contribution plan of a public pension or retirement system, and is prohibited from enrolling in a defined benefit plan, as defined . The measure would limit employer contributions to a defined contribution plan to an unspecified percentage of employer payroll, establish other parameters for defined contribution plans, and also set forth related findings of the Legislature . This bill contains other existing laws .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG	*Walter Martone*		*3*	*Public Employees Compensation*	

ACAX1 1 (Richman) Public employee defined contribution plan. I - 01/06/2005

Status:
01/06/2005 - ASM PRINT Read first time. To print.
Calendar:

Summary
The California Constitution reserves a role for the elected officials of this state in the governance of public pension systems through several means, including the power to determine the appropriateness of retirement benefits for public employees . This measure would establish the California Public Employee Defined Contribution Plan . The measure would provide that on and after July 1, 2007, any person hired by a public agency may enroll only in a defined contribution plan of a public pension or retirement system, and is prohibited from enrolling in a defined benefit plan, as defined . The measure would permit an active member of a defined benefit plan, during a specified period, to transfer a sum equal to the member's interest in the defined benefit plan to a defined contribution plan .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG			*3*	*Public Employees Compensation*	

Transportation-All

ACA 4 (Plescia) Transportation Investment Fund I - 12/06/2004

Status:
12/07/2004 - ASM PRINT From printer. May be heard in committee January 6.
Calendar:

Summary
Article XIX B of the California Constitution requires, commencing with the 2003-04 fiscal year, that sales taxes on motor vehicle fuel that are deposited into the General Fund be transferred to the Transportation Investment Fund for allocation to various transportation purposes . Article XIX B authorizes this transfer to the Transportation Investment Fund to be suspended in whole or in part for a fiscal year during a fiscal emergency pursuant to a proclamation by the Governor and the enactment of a statute by a 2/3 vote in each house of the Legislature if the statute does not contain any unrelated provision . This measure would delete the provision authorizing the Governor and the Legislature to suspend the transfer of revenues from the General Fund to the Transportation Investment Fund for a fiscal year during a fiscal emergency .

Organization Office	Assigned Suboffice	Position Misc1	Priority Misc2	Subject	Groups
C/CAG	*Walter Martone*		*3*	*Transportation All*	

ACTION REPORT WITH SUMMARY BY SUBJECT

All Bills Tracked

C/CAG AGENDA REPORT

Date: January 13, 2005

To: City/County Association of Governments Board of Directors

From: Richard Napier, Executive Director

Subject: REVIEW AND APPROVAL OF LEGISLATIVE SCORE SHEET FOR LEGISLATORS.

(For further information contact Walter Martone at 599-1465)

RECOMMENDATION

That the Legislative Committee adopt the attached Legislative Score Sheet for the members of the San Mateo County Legislative Delegation.

FISCAL IMPACT

Not applicable.

SOURCE OF FUNDS

Not applicable.

BACKGROUND/DISCUSSION

The attached chart provides information on the 2004 voting records of the California State Assemblypersons and Senators that represent the jurisdictions in San Mateo County. As approved by the C/CAG Board in November 2003, the method of calculating the voting record gives ½ credit for abstaining from or being absent on votes where C/CAG has taken an "oppose" position, and subtracts ½ credit where C/CAG has taken a "support" position. Not included in the votes is the fact that Assemblyman Simitian authored C/CAG's bill (AB 1546) and presented/ defended C/CAG's bill before seven Committees of the Legislature. Assemblymembers Mullen and Yee also became co-authors of the bill.

As discussed at the last Legislative Committee meeting, staff has redone the report to assign equal weight in three main areas of interest to C/CAG – 1) bills related to the protection of Local Government resources, 2) votes taken on C/CAG's sponsored bill (AB 1546), and 3) votes consistent with C/CAG positions on other bills.

ATTACHMENTS

- Voting record for San Mateo Legislative Delegation - 2004 Legislative Session.

VOTING RECORD FOR SAN MATEO COUNTY LEGISLATIVE DELEGATION

2004 Calendar Year

BILLS RELATED TO PROPOSITION 1A	Sher	Speier	Mullin	Simitian	Yee
Total votes supporting C/CAG's positions (does not include reconsideration or suspense file votes).	2	3	3	2	3
Total votes opposing C/CAG's positions (does not include reconsideration or suspense file votes).	1	0	0	1	0
Percent voting with C/CAG (does not include reconsideration or suspense file votes).	67%	100%	100%	67%	100%

BILLS RELATED TO PROPOSITION 1A	Sher	Speier	Mullin	Simitian	Yee
SB 1113 – Budget Bill	***Yes**	***Yes**	***Yes**	No	***Yes**
SCA 4 – Local Government Constitutional Amendment (Proposition 1A)	No	***Yes**	***Yes**	***Yes**	***Yes**
SB 1096 – Local Government Statutory Amendment	***Yes**	***Yes**	***Yes**	***Yes**	***Yes**

Bold * = vote consistent with C/CAG's stated position.

2004 Calendar Year

VOTES RELATED TO AB 1546 (BILL SPONSORED BY C/CAG)	Sher	Speier	Mullin	Simitian	Yee
Total votes supporting C/CAG's positions (does not include reconsideration or suspense file votes).	1	0	1	1	1
Total votes opposing C/CAG's positions (does not include reconsideration or suspense file votes).	0	1	0	0	0
Percent voting with C/CAG (does not include reconsideration or suspense file votes).	100%	0%	100%	100%	100%

2004 Calendar Year

TOTAL VOTES ON BILLS THAT C/CAG TOOK A POSITION ON	Sher	Speier	Mullin	Simitian	Yee
Total votes supporting C/CAG's positions (does not include reconsideration or suspense file votes).	6	8	5 ½	9 ½	10
Total votes opposing C/CAG's positions (does not include reconsideration or suspense file votes).	3	3	8	3	4
Percent voting with C/CAG (does not include reconsideration or suspense file votes).	55%	73%	37%	68%	71%

2004 Calendar Year

BILLS VOTED ON IN 2004	Sher	Speier	Mullin	Simitian	Yee
AB 1426 – Housing requirements for Sacramento Area (C/CAG Opposed)	Yes	Yes	Yes	***Abstained**	Yes
SB 744 – State preemption of local land use authority (C/CAG Opposed)	***No**	***No**			
AB 1268 – Expansion of General Plan land use elements (C/CAG Opposed)	Yes	Yes	Yes	Yes	Yes
AB 2702 – 2nd Unit requirements for approval (C/CAG Opposed)	***Abstained**	***No (3x's)**	Yes (4x's)	***Abstained (2x's)**	***No (3x's)**
SB 1815 – Mandated refund of permit fees if deadline is exceeded (C/CAG Opposed)	Yes	Yes	Yes (2x's)	Yes	Yes (2x's)
AB 2107 – Use tax for vehicles, vessels and aircraft (C/CAG Supported)				***Yes**	
AB 2466 – Equitable payment of jet fuel sales tax (C/CAG Supported)	Abstained	***Yes**	***Yes**	***Yes**	***Yes**
SB 1089 – Include NPDES in State water pollution control revolving fund (C/CAG Supported)	***Yes (3x's)**	***Yes (2x's)**	***Yes**	***Yes**	***Yes (2x's)**
SB 792 – Transfer of Caltrans property to State Parks as a condition of Devil's Slide project (C/CAG Supported)	***Yes (2x's)**	***Yes**	***Yes (2x's)** & Abstained (1x's)	***Yes (2x's)**	***Yes (2x's)**
AB 392 – Environmental Justice Grants (C/CAG Supported)			***Yes (2x's)**	***Yes (3x's)**	***Yes (2x's)**
AB 2741 – Amend the composition of MTC (C/CAG Opposed)				Yes	
Total Possible Votes Cast	11	11	15	14	14

Bold * = vote consistent with C/CAG's stated position.

2004 Calendar Year

	Sher	Speier	Mullin	Simitian	Yee
BILLS RELATED TO PROPOSITION 1A	67%	100%	100%	67%	100%
VOTES RELATED TO AB 1546 (BILL SPONSORED BY C/CAG)	100%	0%	100%	100%	100%
BILLS VOTED ON IN 2004	55%	73%	37%	68%	71%
SUMMARY SCORE	**74%**	**58%**	**79%**	**78%**	**90%**

Notes:

- The method of calculating the voting record gives ½ credit for abstaining from or being absent on votes where C/CAG has taken an "oppose" position, and subtracts ½ credit where C/CAG has taken a "support" position.
- Not included in the votes is the fact that Assemblyman Simitian agreed to author C/CAG's bill (AB 1546); Assemblymembers Mullen and Yee became co-authors of the bill; and Senator Sher carried the bill on the Floor of the Senate.
- Not included in the votes is the fact that Assemblyman Simitian presented and defended C/CAG's bill before seven Committees of the Legislature.

C/CAG AGENDA REPORT

Date: January 13, 2005

TO: C/CAG Board of Directors

From: Richard Napier, Executive Director - C/CAG

Subject: Review and approval of Resolution 05-01 to establish a C/CAG Board position on the retrofit of the Bay Bridge

(For further information or response to question's, contact Richard Napier at 650 599-1420)

Recommendation:

Review and approval of Resolution 05-01 to establish a C/CAG Board position on the retrofit of the Bay Bridge. Provide C/CAG staff direction.

Fiscal Impact:

No direct impact to the C/CAG Budget. However, any solution to fund the Bridge will likely have an impact on future capacity of the State Transportation Improvement Program (STIP) and future County shares. It could also practically limit future Regional Measure Bridge Toll Programs.

Source of Revenue:

State Transportation Improvement Program (STIP) and Bridge Tolls.

Background/ Discussion:

There is currently a cost overrun of $3.2 billion on the Bridge Seismic Retrofit program. The new program cost estimate of $8.3 billion represents a 63% increase from the $5.1 billion statutory budget enacted by Assembly Bill 1171 in 2001. The Governor and State Legislature were unable to agree upon a long-term funding package to cover the latest cost overrun during the 2003-04 Regular Session. Furthermore, at least 50% of the cost overrun is unrelated to the design element for the east span. However, the Administration feels there is an opportunity to reduce the cost by considering a simpler design for the Bay Bridge. In December the Administration and Caltrans recommended that the SAS construction be halted and that a Skyway design be incorporated. The design choice for the Bay Bridge and how to pay for it will be a hot item in the 2005-06 Regular Session of the Legislature.

Design Issues:

The two alternatives being considered are the Self Anchored Suspension (SAS) and the Skyway. Attached is an overview and comparison of the two Bay Bridge Alternatives. Clearly this is a

complex issue with a great deal of uncertainty.

BATA and Caltrans Positions:

MTC/ BATA Position:

1- The potential Skyway savings of $350-450 M is not significant enough and has the potential to be less due to the potential for design and permit delays that will increase the Skyway cost.
2- The SAS design will provide a completed bridge sooner than the Skyway since the Skyway requires design and the permitting process may create delays.

Administration/ Caltrans Position:

1- The Skyway savings of $350-450 M is significant and is likely to be higher due to the low construction risk on the Skyway design.
2- Experience has shown it is highly likely that Caltrans will get multiple bidders for the Skyway design that should help reduce the cost.
3- Caltrans feels there is minimal schedule risk on construction so it is realistic to still complete the Skyway by 2013 even though design and permitting needs to be done.

Proposed C/CAG Board Bay Bridge Position:

This issue will be quite fluid in the Legislature. Therefore, it is important that the C/CAG Board take a position on key principals to guide our legislative representatives in dealing with this issue. There are three key principals (1-3) for the C/CAG Board's consideration.

1- Seismic Safety - Addressing the seismic safety issues of the Bay Bridge is paramount and must be addressed as quickly as possible. Caltrans should pursue a design and construction process to minimize the time to implement the seismic solution.
2- Cost Sharing - It is recognized that the Bay Area toll payers will have to pay for some of the cost. However, it is unfair for the Bay Area to pay the whole cost. Furthermore, at least 50% of the cost overrun is unrelated to the design element for the east span. Our legislative representatives are urged to pursue a cost sharing arrangement that is equitable for the Bay Area and the State.
3- No diversion from Regional Measure 2 - Funds should not be diverted from Regional Measure 2 to pay for the Bay Bridge. This would result in the voters being misled about the projects that would be funded by Regional Measure 2. Not following through with the projects identified in RM 2 could negatively impact the ability to get future measures passed.
4- Design (Optional) - Given the complexity of the design issue and the level of uncertainty, staff does not have a recommendation. However, the Board may wish to take a position on the design alternative.

Attachments:

Bay Bridge Alternative Comparison
Resolution 05-01
Caltrans 12/08/04 Bay Bridge Report Executive Summary
Caltrans Bay Bridge Alternatives Matrix
FHWA Peer Review dated December 2004
BATA Plan of Action
Bay Bridge East Span Model Resolution
Report on Bay Bridge Briefing from BT&H and Caltrans on 12/10/04

Alternatives:

1- Review and approval of Resolution 05-01 to establish a C/CAG Board position on the retrofit of the Bay Bridge. Provide C/CAG staff direction.

2- No action. Establish no formal C/CAG Board position on the Bay Bridge retrofit.

BAY BRIDGE ALTERNATIVE COMPARISON

Alternative	SAS	Skyway
Design	100%	5%
Environmental	100%	Uncertain (Some Impact)
Permits	100%	Uncertain (Some Impact)
Construction:		
Non-SAS Tower	In-Process	TBD
SAS Tower	TBD	N/A
Multiple Bidders Likely:		
Non-SAS Tower	High	High
SAS Tower (Only received 1)	Low	N/A
Schedule	2012-2013	2011-2013
Schedule Risk:		
Permits	None	Medium
Construction	Medium	Low
Potential Construction Cost Increase:		
Non-SAS Tower	Low-Medium	Low-Medium
SAS Tower	High	Not Applicable
Projected Capital Cost:		
Bechtel	$1.9-2.1 B	$1.3-1.7 B
Caltrans	$1.8-2.1 B	$1.3-1.6 B

The potential capital cost savings is $350-450M (Less the Design/ Permitting costs) for the Skyway over the SAS.

The following points are clear:

1- There is no complete consensus among the experts.
2- There are many intangibles and risks that can significantly impact the estimates of either design.
3- Either design creates a significant funding problem for the State and will impact the STIP and Bridge Tolls to varying degrees.
4- The Skyway would be simpler to construct with a greater likelihood of meeting the projected cost. However, it is not clear whether the total cost would necessarily be less.

BAY BRIDGE ALTERNATIVE RISK ASSESSMENT

	SAS	Skyway
Design Problems	**None (Completed)**	Low (at 5% Design)
Environmental Problems	**None (Completed)**	Low (Similar to SAS)
Permitting Problems	**None (Completed)**	Low (Similar to SAS)
Material Cost Growth Due to Delay	**Low (Ready for Bid)**	Low-Medium
Probability of Good Bid (Note 1)	Low	**High**
Construction Environmental Impact (Note 2)	Medium	**Low**
Construction Problems	High	**Low-Medium**
Design/ Construction Experience	Low	**High**
Probability of Meeting Schedule	Medium	Medium
Probability of Meeting Cost	Medium	Medium
Seismic Safety	High	High
Legislation Required	Yes (Additional Funds)	Yes (Design alternative/ funding)

Advantages of respective alternative are shown in **Bold.**

Note 1- Good bid due to multiple bidders.
2- Additional supporting structures in Bay required during construction of SAS.

SUMMARY: The operative question is which approach has the lowest overall risk given all the factors. Clearly there are pros and cons to both alternatives. The Administration is counting on the Skyway construction advantages to significantly outway the additional design, permitting, and delay costs to result in a lower overall cost. BATA feels that the SAS construction risks are reasonable such that the advantage of having completed design, environmental, and permitting and ready to go to Bid would result in a similar cost to the Skyway.

RESOLUTION 05-01

* * * * * * * * * * * *

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY/ COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY TO ESTABLISH A C/CAG BOARD POSITION ON THE RETROFIT OF THE BAY BRIDGE

* * * * * * * * * * * * * * * *

WHEREAS, the Loma Prieta earthquake struck 15 years ago, killing 63 persons, collapsing and closing highways throughout the Bay Area and forcing the closure of the San Francisco-Oakland Bay Bridge for one month to make repairs to its damaged eastern span; and

WHEREAS, the Northridge earthquake struck Southern California 11 years ago, killing 51 persons and causing major highway damage; and

WHEREAS, thousands of California highway bridges have been retrofitted or replaced costing the State of California billions of dollars; and

WHEREAS, the San Francisco Bay Area has experienced nine major earthquakes in excess of 6.5 or greater over the past 170 years, averaging a major earthquake every 19 years; and

WHEREAS, the U.S. Geological Survey has estimated a 62 percent probability of an magnitude 6.7 or larger earthquake within the next 30 years on the San Andreas and Hayward faults, both of which are adjacent to the east span; and

WHEREAS, such an earthquake could cause collapse of major sections of the existing east span cantilever truss structure, which is used by 180,000 persons every day; and

WHEREAS, loss of the Bay Bridge would have a significant economic impact to the Bay Area and the State.

RESOLVED, that the Board of Directors of the City/ County Association of Governments of San Mateo County adopts the following position on the Bay Bridge Retrofit Project.

1- Seismic Safety - Addressing the seismic safety issues of the Bay Bridge is paramount and must be addressed as quickly as possible. Caltrans should pursue a design and construction process to minimize the time to implement the seismic solution.

2- Cost Sharing - It is recognized that the Bay Area toll payers will have to pay for some of the cost. However, it is unfair for the Bay Area to pay the whole cost. Furthermore, at least 50% of the cost overrun is unrelated to the design element of the East Span. Our legislative representatives are urged to pursue a cost sharing arrangement that is equitable for the Bay Area and the State.

3- No Diversion for Regional Measure 2 - Funds should not be diverted from Regional Measure 2 to pay for the Bay Bridge. This would result in the voters

being misled about the projects that would be funded by Regional Measure 2. Not following through with the projects identified in RM 2 could negatively impact the ability to get future measures passed.

FURTHER RESOLVED, that the Board of Directors of the City/ County Association of Governments of San Mateo County urges the California Legislature and Governor of California to promptly commence negotiations to achieve a fair and equitable cost-sharing agreement for the latest cost overruns for the toll bridge seismic retrofit program.

PASSED, APPROVED, AND ADOPTED, THIS 13TH DAY OF JANUARY 2005.

Deborah E.G. Wilder, Chair

Caltrans 12/08/04 Bay Bridge Report Executive Summary

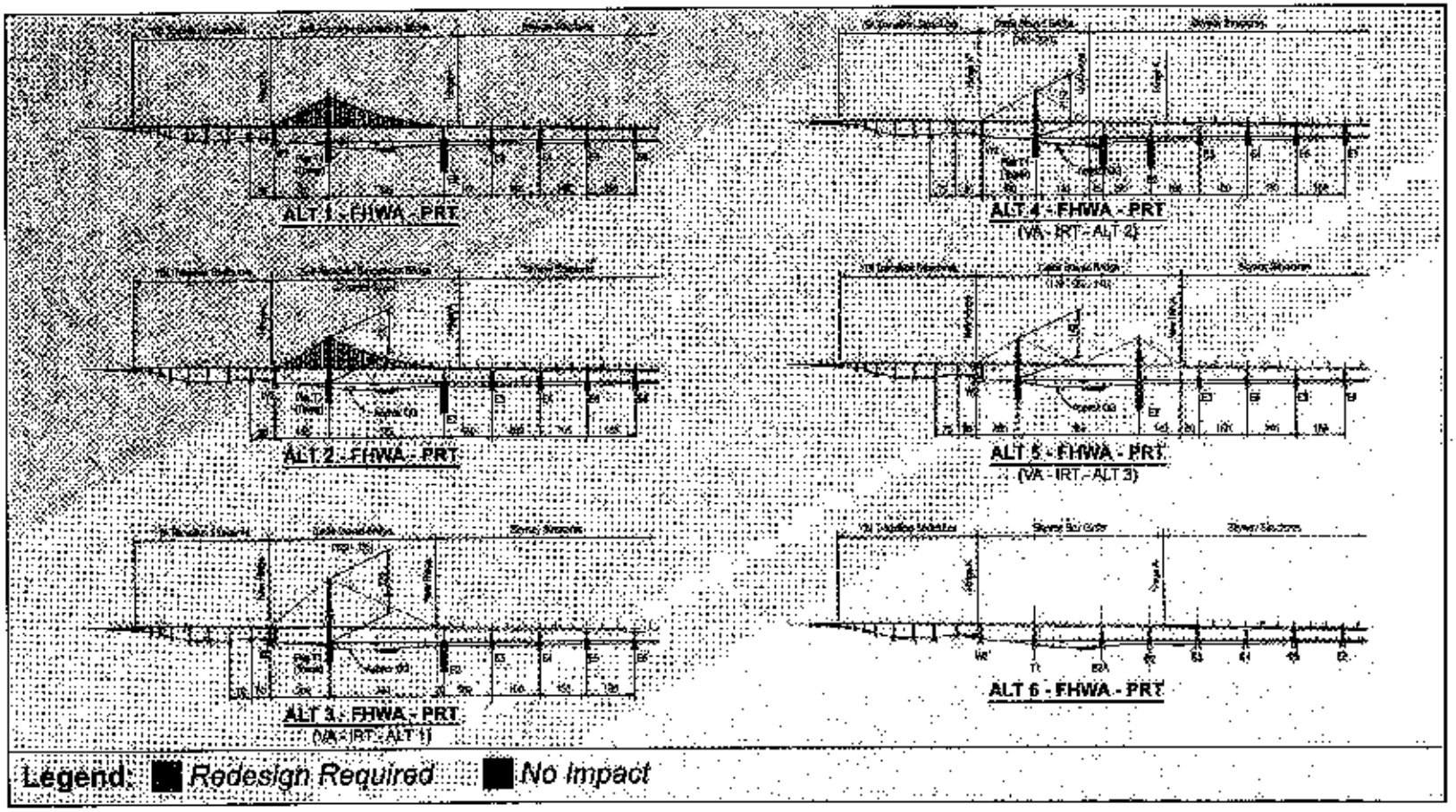
California Department of Transportation
Toll Bridge Seismic Retrofit Program Report

Findings and Recommendation For Completion of the Main Span of the San Francisco–Oakland Bay Bridge East Span Seismic Safety Project

December 8, 2004

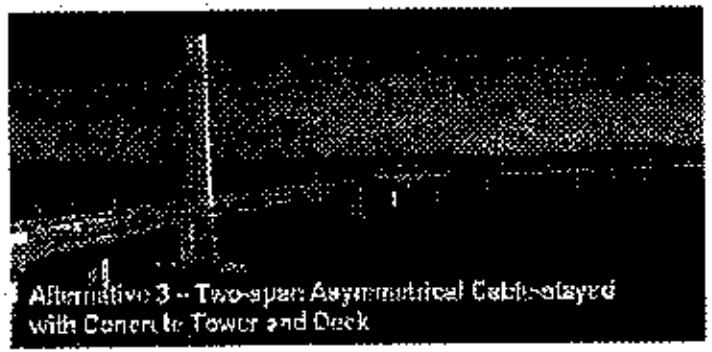
27

Alternatives Being Evaluated

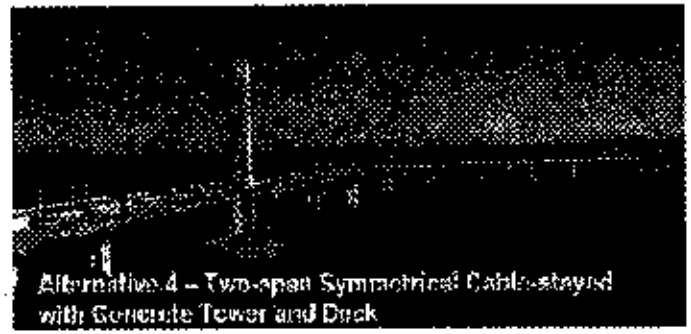


Alternative 1- Self-Anchored Suspension

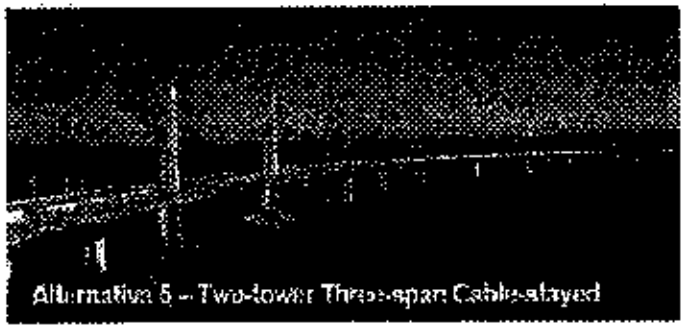
Alternative 2 – Modified SAS Concrete Tower



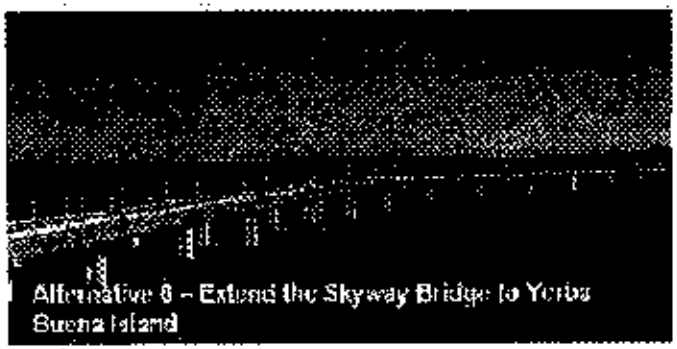
Alternative 3 – Two-span Asymmetrical Cable-stayed with Concrete Tower and Deck



Alternative 4 – Two-span Symmetrical Cable-stayed with Concrete Tower and Deck



Alternative 5 – Two-tower Three-span Cable-stayed



Alternative 6 – Extend the Skyway Bridge to Yerba Buena Island

Executive Summary

On October 17, 1989, the Loma Prieta Earthquake (magnitude 7.1) struck the San Francisco Bay Area, resulting in major infrastructure damage and loss of life. The epicenter of the earthquake was approximately 60 miles south of the San Francisco-Oakland Bay Bridge (SFOBB). SFOBB, which carries 275,000 vehicles per day, sustained major damage and was closed for one month. This major earthquake highlighted the seismic vulnerabilities of all the State-owned toll bridges, especially the SFOBB with its unique site geology and close proximity to two major faults, both of which are substantially closer to the SFOBB than the Loma Prieta epicenter. Given the high cost of retrofitting the eastern span of that structure, the Department and regional officials elected to replace the existing bridge with a "signature" span.

The decision to replace the 2.2 mile-long east span of the SFOBB and the subsequent selection of the replacement bridge design was the result of many years of regional consensus building. Virtually all of the major elements of the replacement bridge have already been designed, and several sections have been constructed or are currently under construction. The 0.4-mile long self-anchored suspension (SAS) portion of the replacement, referred to as the "main span", is the section that is now in question. T.Y. Lin International – Moffat & Nichols, a joint venture, was the consultant team that designed the entire east span of the SFOBB, including the SAS main span.

On May 26, 2004, after 16 months of contract advertisement, a single bid of $1.4 billion was received for the self-anchored suspension bridge (SAS) contract, which was nearly double the budget adopted by the Legislature in AB1171. Major factors contributing to the high bid include availability and cost of domestic steel, industry-wide steel price increases, and bonding and insurance market changes after 9/11. After the bid expired on September 30, 2004, due to the lack of a funding solution to provide the additional budget, the California Business, Transportation and Housing Agency (BTH) and the California Department of Transportation (Department) initiated an evaluation of six alternatives for proceeding with the construction of the SFOBB main span:

1. Repackage and re-advertise the SAS as a de-federalized contract.
2. Modify the SAS design to change the towers and deck from steel to concrete.
3. Redesign as a two-span asymmetrical cable-stayed bridge with concrete tower and deck.
4. Redesign as a two-span symmetrical cable-stayed bridge with concrete tower and deck.
5. Redesign as a two-tower, three-span cable-stayed bridge.
6. Extend the Skyway Bridge to Yerba Buena Island.

To facilitate a comprehensive analysis in anticipation of a funding solution during the 2005-2006 Legislative session, the evaluation included technical peer reviews, industry consultations, and environmental resource agency and stakeholder input. The following is a list of major activities included in this effort to assess scope, cost, and schedule for each alternative:

- Federal Highway Administration (FHWA) Peer Review Team (PRT).
- Independent Review Team (IRT).
- Executive Industry Consultation Program (contractors and fabricators, surety firms, and bridge design firms).

- Stakeholder Outreach Program (State and Federal resource and regulatory agencies, and public interest groups).

The PRT provided an extensive risk assessment of all alternatives. The IRT provided preliminary design information focused on the cable-stayed alternatives. Industry provided feedback on the ability to design, bid, and construct the various bridge types based on their experience in bonding, financing, and building large public works projects. Resource agencies and public interest groups provided suggestions on the environmental impacts and permit issues essential to minimizing the time for the redesign alternatives. The Bechtel Infrastructure Corporation (Bechtel) August 2004 Cost Review Report, which was originally performed to assist in the evaluation of the single SAS bid, also provided valuable project cost, schedule, and risk information.

Major areas of evaluation included seismic performance, foundation design, environmental issues, interface with structures adjacent to the main span, materials availability, construction risks, cost savings, project delivery alternatives, and completion schedules. A summary of the pros and cons of each alternative follows:

Alternative 1

Repackage and Re-advertise the SAS as a de-federalized contract. (Elimination of the original contract's federal status which in turn removes the requirements of "Buy America".)

The self-anchored suspension (SAS) alternative is unique and only a small number of bridges of this type have been constructed worldwide. The expertise in both construction and design of SAS bridges is limited. Relatively new technology and innovation comes with substantial construction risk and a potential for cost escalation and delay. The SAS has a significant advantage in having regional consensus, being completely designed, and having the necessary environmental approvals and permits to allow construction to begin. De-federalization will result in significant costs savings by allowing the use of foreign steel, as demonstrated by the $400 million cost differential in the previous bid. This will also encourage more bidders by creating a more competitive bidding environment.

Alternative 2

Modify the SAS design to change the towers and deck from steel to concrete.

The SAS with a concrete tower possesses some of the same risks as Alternative 1 with respect to design and constructability, plus it has its own unique risks. The concrete tower provides advantages in material cost, but also adds weight to the tower foundation, which may require foundation modification. This alternative does not have a completed design and will likely require minor modifications to existing environmental permits. The potential for cost savings with this alternative is limited.

Alternatives 3 through 5

Redesign as a two-span asymmetrical cable-stayed bridge with concrete tower and deck / Redesign as a two-span symmetrical cable-stayed bridge with concrete tower and deck / Redesign as a two tower three-span cable-stayed bridge.

Three cable-stayed alternatives, with different span lengths, tower heights, and foundation locations were considered. While the industry is familiar with cable-stayed design and construction, complex site conditions exist. The interface of a cable-stayed structure, which differs from the original SAS design, and adjacent structures will likely present challenges in developing constructible details that satisfy the stringent seismic criteria. The foundation construction work will be complex and the design will likely have significant geotechnical requirements to address. The cable-stayed alternatives have only conceptual designs (five percent) and will require revising existing environmental permits, which could require significant effort to resolve. While potential for cost savings exists when comparing a cable-stayed bridge to the SAS alternative, this savings could easily be lost due to delays in obtaining regional consensus and the necessary environmental permits. In addition, the costs to modify existing contracts and completed work may likely absorb any remaining savings achieved with the cable-stayed alternatives.

Alternative 6

Extend the Skyway Bridge to Yerba Buena Island.

This alternative essentially continues with a structure similar in type and appearance to the skyway structure, currently under construction. The continuation of the skyway will not provide a signature span (a cable supported structure), which differs from the other alternatives. This alternative diverges from public expectations for a signature bridge and narrows the U.S. Coast Guard navigational channel. Community acceptance, along with revisiting environmental approval and review of the permits required, will add risk, and may require significant time and effort to resolve. Little design effort has been expended on this alternative, however, the design and construction of this type of bridge is more common than any of the other alternatives. The potential for reduction in cost and construction risks add to the attractiveness of this alternative. Like Alternatives 3-5, potential savings could be lost due to delays in obtaining regional consensus, environmental review, and regulatory permits.

RECOMMENDATION

Based upon the input from the teams involved, along with external and internal experts, the Department recommends two options.

1. Proceed with Alternative 1, which re-advertises the SAS contract, in conjunction with modifications and enhancements described below. The Department believes this alternative has a high likelihood of meeting the key objective of achieving seismic safety, but the potential for cost increases is also high. The substantial uncertainty associated with the other alternatives (lack of available design details and the potential to re-open political debate) makes it considerably less likely that the objective would be met.

   Modifications and enhancements, some of which may require legislation and policy changes, could make the contract more biddable and buildable, hence likely to result in more

competition and less cost than those received in May 2004. These include: (1) waiver of domestic steel requirements on major items if de-federalization of the entire contract is not possible, (2) authorize the Department to develop an alternative insurance and bonding strategy more appropriate for this project, (3) extension of the seismic retrofit law which authorizes 15-day action on state permits, (4) increase stipend amount paid to contractors to develop a bid to encourage competition, (5) authorize Department to negotiate with sole bidder if there is only one bid, and (6) solicit and hire steel bridge construction management expertise to complement and assist the Department's construction management activities. The Department would also aggressively pursue post bid project enhancements through the Cost Reduction Incentive Proposal (CRIP) provision in the contract specifications in order to identify and implement potential cost savings measures.

2. As cost is a critical factor, Alternative 6 needs to be considered. While there are risks associated with this alternative, the potential for savings is higher than Alternative 1. The primary risk associated with Alternative 6 is the time it may take to reach public consensus and to obtain final environmental approvals and permits for this alternative. If this process takes too long, it is possible that not only any potential cost savings could be lost, but also an increase of the risk of a major seismic event damaging the existing east span bridge.

It is important to note that no alternative under consideration stands out as an obvious choice in this decision process. The Department received substantial input to assist in making a decision, but the recommendations from involved sources varied significantly. The Department therefore recommends that the two options cited above be considered for implementation.

Caltrans Bay Bridge Alternatives Matrix

RISKS RELATED TO SFOBB MAIN SPAN ALTERNATIVES FOR THE EAST SPAN SEISMIC SAFETY PROJECT

SAFETY RISKS	Alternative 1: SAS	Alternatives 3-5: Cable-Stayed	Alternative 6: Skyway
Seismic Safety	• Has been designed and modeled to meet seismic safety. • Independently checked. • Independently peer reviewed.	• Can be designed and modeled to meet seismic standards. • Seismic safety verification dependant on 60% design. • Requires additional independent checks and peer review.	• Can be designed and modeled to meet seismic standards. • Seismic safety verification dependant on 60% design. • Requires additional independent checks and peer review.
Design	• Design more complex. • Design complete.	• Design complex. • Design conceptual (5 percent).	• Design conventional. • Design conceptual (5 percent).
Environmental (Permits)	• All permits in place.	• BCDC permit would involve public hearings. • USCG amendment to bridge permit likely required (concerns about impacts to navigational channel). • USFWS amendment to Biological Opinion likely required (concerns about bird impacts although none shown currently to listed species). • PRT viewed risks as manageable.	• BCDC permit would involve public hearings. • USCG amendment to bridge permit likely required (concerns about impacts to navigational channel). • USFWS amendment to Biological Opinion likely required (concerns about bird impacts although none shown currently to listed species). • PRT viewed risks as manageable.
Impact on Adjacent Structures	• Adjacent structures designed for SAS.	• Impact to: W2, T1, E2, Skyway, and Yerba Buena Island viaduct.	• Impact to: W2, T1, E2, Skyway, and Yerba Buena Island viaduct.
Potential Award Date	• Fall 2005	• Spring 2008	• Fall 2007
Schedule (open to traffic)[1] IRT TY Lin Bechtel Department	• 2011 • 2011 • 2012 • 2012 - 2013	• 2010 • 2013 • 2013 • 2012 - 2014	• 2012 • 2012 • --- • 2011 - 2013
Design Phase[1]	• Design is complete.	• 18-24 months to procure designer and complete design. • Difficult interface with adjacent structures.	• 12-18 months to procure designer and complete design. • Less difficult interface with adjacent structures.
Construction Phase[1]	• Construction will be very difficult. • Potential for delay is very high.	• Construction will be difficult. • Potential for delay is high.	• Construction will be less difficult. • Some potential for delay.

[1] These schedules are conservative, based on normal procurement practices. The Department will make every effort to accelerate this process.

RISKS RELATED TO SFOBB MAIN SPAN ALTERNATIVES FOR THE EAST SPAN SEISMIC SAFETY PROJECT

COST RISKS	Alternative 1: SAS	Alternatives 3-5: Cable-Stayed	Alternative 6: Skyway
State Legislation	• Fiscal package required. • Extension of CEQA exemption required. • Extension of seismic retrofit procurement provisions required.	• Fiscal package required. • Extension of CEQA exemption required. • Extension of seismic retrofit procurement provisions required. • Legislation required to allow redesign.	• Fiscal package required. • Extension of CEQA exemption required. • Extension of seismic retrofit procurement provisions required. • Legislation required to allow redesign.
Constructibility	• Designed. • Reviewed. • Very unconventional construction.	• Very preliminary design. • More review needed (IRT has conducted initial review). • Unconventional construction.	• Very preliminary design. • More review needed (Substantial Bay Area experience with this bridge type). • Conventional construction.
Pool of Bidders[1]	• Up to two.	• Four to six.	• At least one.
Capital Cost IRT TY Lin/MN Bechtel Department	• - • $1.2-1.4B • $1.9-2.1B • $1.8-2.1B	• $0.75-0.9B • $1.0-1.5B • $1.7-1.8B • $1.5-1.7B	• Up to $1.1B • $0.8-1.0B • $1.3-1.7B • $1.3-1.6B[1]
Project Management/Capital Outlay Support	• Significant construction complexities create potential for higher support costs.	• Will require redesign costs. • Construction complexities may lead to higher support costs.	• Will require redesign costs. • Lower support costs anticipated due to conventional construction.

AESTHETIC RISKS	Alternative 1: SAS	Alternatives 3-5: Cable-Stayed	Alternative 6: Skyway
Local Expectations and Acceptance	• High acceptance in 1998.	• Previously rejected by region in 1998. • Limited opposition expected today.	• Previously rejected by region in 1998. • Some opposition expected today.
Aesthetics (Look of Bridge)	• Has had public consensus.	• Similar appearance to SAS.	• Not a cable-supported structure.

IRT estimate includes:

- Capital cost of the main span, and main span foundations E2/T1 and W2 (modifications).
- No cost for impacts to adjacent contracts.
- Design costs ($25 million).
- Escalation to mid-point of construction.
- Contingencies of $100M are included in the cable-stayed estimate.

Bechtel estimate includes:

- Capital cost of the main span, and main span foundations E2/T1 and W2.
- Cost of impacts to adjacent contracts including termination, redesign, or modification to on going contracts.
- Design costs.
- Escalation – 5% per annum was used for specific portions of the work.
- Contingency was developed based on a probable risk analysis.

TYLin/MN estimate include:

- Capital cost of the main span, and main span foundations E2/T1 and W2.
- Cost of impacts to adjacent contracts including termination, redesign, or modification to on going contracts.
- Design costs ($30 to $50 million).
- Escalation – no indication that the estimate was escalated to mid-point of construction.
- Contingency – a specific contingency was not provided other than the estimated cost range shown.

Department estimate includes:

- Capital cost of the main span, and main span foundations E2/T1 and W2.
- Cost of impacts to adjacent contracts including termination, redesign, or modification to on going contracts.
- Design costs ($65 million).
- Escalation – estimates are escalated to the mid-point of construction.
- Contingency – 10% to 15% on re-advertise, 20% to 30% on redesign.

[1] Based on Industry outreach program

[2] These costs could increase by $200M if there is a substantial delay in obtaining permits.

FHWA Peer Review dated December 2004

U.S. Department of Transportation
Federal Highway Administration

SAN FRANCISCO–OAKLAND BAY BRIDGE PROJECT

PEER REVIEW

DECEMBER 2004

Executive Summary

After the 1989 Loma Prieta and 1994 Northridge earthquakes, the State of California enacted the State Toll Bridge Seismic Retrofit Program in 1997 to improve the safety and reliability of critical transportation infrastructure assets in California. One of the critical elements to successfully finishing the program is completion of the San Francisco–Oakland Bay Bridge (SFOBB) project. This project consists of 16 separate contracts, including the proposed self-anchored suspension (SAS) bridge contract.

Caltrans advertised the SAS contract in February 2003 and opened bids in May 2004. The single bid received (in the amount of $1.4 billion using foreign steel) exceeded the $740 million of funding available for the SAS portion of the SFOBB. The California Legislature was unable to develop a funding package to address the additional cost and the contractor's bid was allowed to expire.

In September 2004, the California Secretary of Business, Transportation and Housing asked the Federal Highway Administration (FHWA) for assistance in moving the SFOBB project forward. FHWA assembled the Peer Review Team (PRT), which convened November 1–5, 2004. The team examined project alternatives identified by Caltrans and assessed the risk that each might not achieve its key objectives. It is important to note that the PRT did not perform any independent analysis of technical issues (seismic performance), environmental documentation, cost estimation, or constructability, but relied exclusively on data presented by Caltrans, the Independent Review Team (IRT), the project design team (T.Y. Lin International/Moffatt & Nichol), and Bechtel. In the risk assessment, the PRT considered the quality and reliability of the data presented on the basis of the design development of the different alternatives, which range from a 100 percent design completion for the current SAS design to less than 5 percent design completion for some of the other alternatives.

Each of the six project alternatives we evaluated provides a solution to the SFOBB problem, but can be affected by uncertainty and associated impacts. These impacts typically affect project cost and schedule, either directly or indirectly. We identified, quantified, and prioritized technical, cost, and schedule; environmental; management; and public acceptance and expectation risks.

The alternatives and their overall impacts follow:

- *Rebid the current SAS design (Alternative 1).* A small number of SAS bridges have been constructed worldwide. The design is a technological innovation that employs materials of limited availability and requires complex methods of construction. These factors impact construction risk and as a result cost of construction. At the same time, the completeness of its design and environmental approvals mitigate the ability of third parties to delay the project.

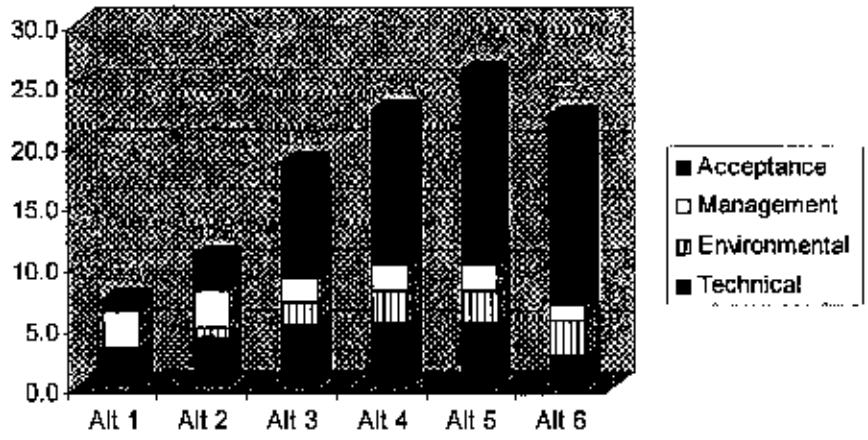
- *SAS with concrete tower (Alternate 2).* This alternative poses the same risks as Alternative 1 with the additional complication that some minor modifications to the environmental permits may be required.

- *Cable-stayed (Alternatives 3, 4, and 5):* The construction industry is familiar with this type of bridge, reducing construction risks. A significant pool of suppliers exists for the necessary materials, further reducing risk. If bid as a single large contract, bonding and insurance costs will be significant. All of the cable-stayed alternatives may require revisiting existing permits, which could involve significant effort to resolve concerns.

- *Skyway bridge design (Alternative 6).* The most significant risks associated with this alternative are community acceptance and revisiting most of the permits. Construction cost would be significantly lower than for the other alternatives because it involves relatively standard bridge construction processes. Because of the construction methods employed, the opportunity to break the work into smaller contracts may arise, thereby reducing the cost of bonding.

Figure ES-1 shows the associated risk scores for each alternative by risk type.

Figure ES-1. Summary of Risk Scores by Alternative



The selection of a preferred alternative is a matter of trading risk for expected cost and schedule benefits. In essence, the State of California's tolerance for risk should be the deciding factor in selection. The results of this analysis provide the State's leadership with the information necessary to make that decision.

During the course of the study, we identified several potential actions that Caltrans might consider to enhance the probability of successful project completion. They generally apply across all alternatives, and we enumerate them in Chapter 4.

BATA Plan of Action
Toll Bridge Seismic Retrofit Program
September 22, 2004

In August 2004, Caltrans disclosed the latest cost overrun for the Toll Bridge Seismic Retrofit Program (SRP) totaling $3.2 billion. The new program cost estimate of $8.3 billion represents a 63% increase from the $5.1 billion statutory budget enacted by Assembly Bill 1171 in 2001. In the waning two weeks of the 2003-04 Regular Session, the Governor and State Legislature were unable to agree on a long-term funding package to cover the latest cost overrun. In the meantime, the single bid received to construct the self-anchored suspension (SAS) element of the new east span for the San Francisco-Oakland Bay Bridge is scheduled to expire on September 30, 2004.

In the interests of public safety, the region's economy, and Bay Area toll payers, the Metropolitan Transportation Commission in its role as the Bay Area Toll Authority (BATA) will actively pursue the following steps in seeking a solution to the SRP funding shortfall.

1. Seismic Safety

The fundamental purpose of the SRP is to protect public safety by strengthening or replacing seismically deficient bridge structures. Although re-bidding or re-designing the SAS element of the new east span has the potential to lower costs, an independent report has confirmed that such strategies are just as likely to raise costs and – more importantly – would delay completion of the new east span by 1-4 years. As the fastest path to seismic safety, BATA supports award of the pending SAS bid. Since an extension of the bid deadline is necessary to provide time to adopt a new legislative funding agreement, Caltrans should secure such an extension from the bidder.

2. State Responsibility

The Bay Area toll bridges subject to the SRP are owned and operated by the State of California; they are an integral part of the state and interstate highway systems; and state law vests in Caltrans "full and sole responsibility for completion of all seismic retrofit projects on the bay area bridges." Furthermore, at least 50% of the latest cost overrun is unrelated to the SAS design element selected by BATA for the new east span. Accordingly, the Commission will support the efforts of our Bay Area state legislative delegation to obtain an equitable share of federal and state funds to cover SRP cost overruns – as was the case with prior funding agreements under Senate Bill 60 in 1997 and Assembly Bill 1171 in 2001.

3. Voter Commitments

Funding for SRP cost overruns should not come at the expense of prior toll-funded commitments to projects in the bridge corridors – whether in the voter-approved Regional Measure 1 and Regional Measure 2 programs or Resolution 3434 regional transit expansion program. The Commission is gratified that the Governor's original proposal to redirect Regional Measure 2 funds to the SRP was rejected by the Legislature and was eventually withdrawn by the Administration. BATA will vigorously oppose this ill-fated idea's resurrection in any form.

4. Innovative Finance

An essential building block for a long-term SRP funding agreement involves transferring authority for the existing $1 seismic toll surcharge from Caltrans to the Commission acting in its role as BATA. With the administration of all three toll dollars consolidated under a single agency, BATA would be able to refinance existing toll-funded debt, draw on other uncommitted reserves, and thereby generate significant new SRP funding capacity.

5. Stronger Oversight

The toll consolidation strategy should go hand-in-hand with BATA providing intensive and transparent oversight of Caltrans' design and construction of SRP projects. Legislation recently approved by the state Senate (Assembly Bill 2366 – Dutra) outlined a comprehensive set of new BATA oversight tools, including: monthly reports on the status of SRP project costs and schedules, approval of key Caltrans SRP personnel, review and approval of bid documents and change orders, regular audits of both capital outlay and support costs, and the ability to withhold funds until outstanding issues are resolved. In the face of the third successive SRP cost overrun of at least $2 billion, Caltrans must be held more accountable for its management of the program. To that end, the Commission and its staff also will cooperate fully with the State Auditor's investigation of the SRP requested by the Joint Legislative Audit Committee.

6. Broader Reform

The repeated cost overruns in the SRP are symptomatic of a more fundamental crisis in the delivery of transportation infrastructure improvements in California. Simply put, projects take too long and cost too much. The Governor's California Performance Review (CPR) represents an opportunity to make systemic change in the way that Caltrans and its local partners plan, design, and build transportation capacity projects. The Commission will work with other regional transportation planning agencies throughout the state in fashioning a coalition to implement this broader reform agenda.

Bay Bridge East Span Model Resolution

WHEREAS, the Loma Prieta earthquake struck 15 years ago, killing 63 persons, collapsing and closing highways throughout the Bay Area and forcing the closure of the San Francisco-Oakland Bay Bridge for one month to make repairs to its damaged eastern span; and

WHEREAS, the Northridge earthquake struck Southern California 11 years ago, killing 51 persons and causing major highway damage; and

WHEREAS, thousands of California highway bridges have been retrofitted or replaced costing the State of California billions of dollars; and

WHEREAS, after years of engineering studies, the California Department of Transportation (Caltrans) concluded in 1996 that it was more cost-effective to construct a replacement structure rather than seismically retrofit the existing east span; and

WHEREAS, in February 1997, Governor Pete Wilson announced that the state would construct a replacement "skyway" bridge connecting Oakland to Yerba Buena Island, and that the Bay Area would have to contribute regional funds for an enhanced design; and

WHEREAS, in August 1997, Senate Bill 60 was signed by Governor Wilson to authorize the Metropolitan Transportation Commission (MTC) to extend for up to two years the $1 toll surcharge enacted by the bill in order to fund the following enhancements: (1) a cable-supported suspension design; (2) a bicycle/pedestrian path; and (3) improvements to the Transbay Transit Terminal in San Francisco; and

WHEREAS, in July 1998, based upon the expert advice of a blue-ribbon panel of seismologists, geologists, bridge engineers, and architects, and after holding over two dozen public hearings and workshops throughout the Bay Area, MTC approved an extension of the toll surcharge for one and one-half years to include a Self-Anchored Suspension design and bicycle/pedestrian path in the new east span project based on cost estimates for those enhancements provided by Caltrans at the time; and

WHEREAS, in September 2001, Assembly Bill 1171 was approved, which codified the Self-Anchored Suspension design in state law and funded cost increases for the new east span as well as other bridge safety projects by extending the $1 toll surcharge for another 30 years, and committed additional federal and state highway funds, continuing the precedent established in Senate Bill 60 for an equitable cost-sharing arrangement between statewide and local taxpayers in financing the toll bridge seismic retrofit program; and

WHEREAS, in January 2002, Governor Gray Davis presided over groundbreaking ceremonies to mark the start of construction of the new east span of the Bay Bridge; and

WHEREAS, construction work has continued since that time, with over 65 percent of the skyway portion of the bridge near the Oakland shore now completed, the west pier of the Self-Anchored Suspension now complete on Yerba Buena Island, the contract to construct the tower and east pier for the Self-Anchored Suspension span is 20 percent complete, and a total of over $200 million in design and construction work on the Self-Anchored Suspension span is already expended; and

WHEREAS, in August 2004, Caltrans reported additional cost overruns for the toll bridge seismic retrofit program, with the Self-Anchored Suspension portion of the new east span replacement project estimated to be responsible for approximately half of the cost increase; and

WHEREAS, in September 2004, Caltrans rejected the sole bid received to construct the superstructure of the Self-Anchored Suspension design and announced it was undertaking a review of the east span project to determine whether to redesign the bridge; and

WHEREAS, in December 2004, Governor Arnold Schwarzenegger proposed to scrap the Self-Anchored Suspension design and replace it with a skyway alternative originally proposed by Governor Wilson seven years before; and

WHEREAS, independent reports from the Federal Highway Administration, Bechtel Infrastructure Corporation, and Caltrans Seismic Safety Peer Review Panel generally support retaining the current Self-Anchored Suspension design, with the seismic safety panel concluding: "Any change in bridge type or geometry could result in multi-year delays which are unacceptable from a seismic safety point of view. Furthermore, with recent and continuing increases in material and construction costs it is not clear that project delays will result in overall cost savings"; and

WHEREAS, the San Francisco Bay Area has experienced nine major earthquakes in excess of 6.5 or greater over the past 170 years, averaging a major earthquake every 19 years; and

WHEREAS, the U.S. Geological Survey has estimated a 62 percent probability of an magnitude 6.7 or larger earthquake within the next 30 years on the San Andreas and Hayward faults, both of which are adjacent to the east span; and

WHEREAS, such an earthquake could cause collapse of major sections of the existing east span cantilever truss structure, which is used by 180,000 persons every day; and

WHEREAS, such a collapse could kill or injure thousands of people and cause severe economic dislocation for businesses and workers in San Francisco, Oakland, and throughout the Bay Area and State of California; now, therefore, be it

RESOLVED, that the [City Council/Board of Supervisors] of [City/County] / endorses the principle that the fastest path to seismic safety for this critical component of the region's transportation infrastructure is to retain the Self-Anchored Suspension design that is 100 percent complete, fully permitted, and ready to construct; and be it

FURTHER RESOLVED, that the [City Council/Board of Supervisors] of [City/County] urges the California Legislature to retain the Self-Anchored Suspension design in state law and urges the Governor of California and Caltrans to advertise that design for construction bids as soon as possible; and be it

FURTHER RESOLVED, that the [City Council/Board of Supervisors] of [City/County] urges the California Legislature and Governor of California to promptly commence negotiations to achieve a fair and equitable cost-sharing agreement for the latest cost overruns for the toll bridge seismic retrofit program; and be it

FURTHER RESOLVED, that copies of this Resolution be forwarded to the Governor of California, the California Senate and Assembly, the Metropolitan Transportation Commission, and other appropriate agencies and officials.

C/CAG

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

Atherton • Belmont • Brisbane • Burlingame • Colma • Daly City • East Palo Alto • Foster City • Half Moon Bay • Hillsborough • Menlo Park • Millbrae Pacifica • Portola Valley • Redwood City • San Bruno • San Carlos • San Mateo • San Mateo County • South San Francisco • Woodside

December 14, 2004

To: Mike Nevin - MTC Representative
Sue Lempert - MTC Representative

From: Richard Napier
Executive Director C/CAG

Subject: Bay Bridge Briefing from BT&H and Caltrans on 12/10/04

On Friday 12/10/04 stakeholders including the CMA Directors received a briefing on the Bay Bridge decision from BT&H Secretary - Sonny McPeak and Caltrans Director - Will Kempton. The State's decision was to go with the Skyway design. The key points included:

1- In addition to the Independent Review Team (IRT) the Federal Government provided a Peer Review Team (PRT) to review the information. This team included individuals involved in other major public works projects nationally including the "Big Dig" in Boston. Reviewed and considered the Bechtel information.
2- While there was no complete consensus there was some key points that drove the decision.
3- Projected $200-500M lower cost for the Skyway design with a similar schedule.
4- The additional Environmental Reviews should not be a major problem.
5- Less environmental impact during construction for the Skyway.
6- While the projected savings up front is not clear, there is a significant savings on the backside due to much lower construction and schedule risk with the Skyway. Therefore, this should be considered the primary savings of the Skyway design.

The State's position is reasonable. Even if currently it appears the savings is minimal, there is much less risk, will be more bidders, and more likely the final price will be significantly less for the Skyway design. Both Senator Torlakson and former Senator Burton were critical of the recommendation. It is recognized that other factors will also be included as part of the decision. Secretary McPeak did not discuss the funding approach other than to reiterate the State would pay for the demolition of the old bridge - $300M. Clearly there will be a battle over how to pay for the bridge. The following comments are provided on the funding.

1- Several CMA Directors support Bridge Tolls paying for the Bridge. This way the STIP is not reduced and provides discretionary County STIP funding. Whereas, if the State pays, it comes from the STIP at the expense of all the Counties in the State while preserving future bridge toll funding for MTC. They feel the fact that the Bay Area only has to contribute 13 cents on the dollar from the STIP is not compelling or fair. To them it comes down to who gets to program the money saved MTC (State/ STIP Pays) or the County (Bridge Toll Fees).

555 COUNTY CENTER FIFTH FLOOR, REDWOOD CITY, CA 94063 PHONE: 650.599.1406 FAX: 650.361.8227

2- The Bay Area is probably at a disadvantage fighting over both the design and the funding. Accepting the design and fighting over the funding is a stronger position, since the Bay Area can say that it was the States decision and push for a larger State share.

Attached is an overview of the alternatives considered.

Please call me at 650 599-1420 (w) or 408 621-4433 (cell phone) if there are any questions or additional information needed.

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RISKS RELATED TO SFOBB MAIN SPAN ALTERNATIVES FOR THE EAST SPAN SEISMIC SAFETY PROJECT

SAFETY RISKS	Alternative 1: SAS	Alternatives 3-5: Cable-Stayed	Alternative 6: Skyway
Seismic Safety	• Has been designed and modeled to meet seismic safety. • Independently checked. • Independently peer reviewed.	• Can be designed and modeled to meet seismic standards. • Seismic safety verification dependant on 60% design. • Requires additional independent checks and peer review.	• Can be designed and modeled to meet seismic standards. • Seismic safety verification dependant on 60% design. • Requires additional independent checks and peer review.
Design	• Design more complex. • Design complete.	• Design complex. • Design conceptual (5 percent).	• Design conventional. • Design conceptual (5 percent).
Environmental (Permits)	• All permits in place.	• BCDC permit would involve public hearings. • USCG amendment to bridge permit likely required (concerns about impacts to navigational channel). • USFWS amendment to Biological Opinion likely required (concerns about bird impacts although none shown currently to listed species). • PRT viewed risks as manageable.	• BCDC permit would involve public hearings. • USCG amendment to bridge permit likely required (concerns about impacts to navigational channel). • USFWS amendment to Biological Opinion likely required (concerns about bird impacts although none shown currently to listed species). • PRT viewed risks as manageable.
Impact on Adjacent Structures	• Adjacent structures designed for SAS.	• Impact to: W2, T1, E2, Skyway, and Yerba Buena Island viaduct.	• Impact to: W2, T1, E2, Skyway, and Yerba Buena Island viaduct.
Potential Award Date	• Fall 2005	• Spring 2008	• Fall 2007
Schedule (open to traffic)[1] IRT TY Lin Bechtel Department	• 2011 • 2011 • 2012 • 2012 - 2013	• 2010 • 2013 • 2013 • 2012 - 2014	• 2012 • 2012 • ---- • 2011 - 2013
Design Phase[1]	• Design is complete.	• 18-24 months to procure designer and complete design. • Difficult interface with adjacent structures.	• 12-18 months to procure designer and complete design. • Less difficult interface with adjacent structures.
Construction Phase[1]	• Construction will be very difficult. • Potential for delay is very high.	• Construction will be difficult. • Potential for delay is high.	• Construction will be less difficult. • Some potential for delay.

[1] These schedules are conservative, based on normal procurement practices. The Department will make every effort to accelerate this process.

RISKS RELATED TO SFOBB MAIN SPAN ALTERNATIVES FOR THE EAST SPAN SEISMIC SAFETY PROJECT

COST RISKS	Alternative 1: SAS	Alternatives 3-5: Cable-Stayed	Alternative 6: Skyway
State Legislation	• Fiscal package required. • Extension of CEQA exemption required. • Extension of seismic retrofit procurement provisions required.	• Fiscal package required. • Extension of CEQA exemption required. • Extension of seismic retrofit procurement provisions required. • Legislation required to allow redesign.	• Fiscal package required. • Extension of CEQA exemption required. • Extension of seismic retrofit procurement provisions required. • Legislation required to allow redesign.
Constructibility	• Designed. • Reviewed. • Very unconventional construction.	• Very preliminary design. • More review needed (IRT has conducted initial review). • Unconventional construction.	• Very preliminary design. • More review needed (Substantial Bay Area experience with this bridge type). • Conventional construction.
Pool of Bidders[1]	• Up to two.	• Four to six.	• At least one.
Capital Cost IRT TY Lin/MN Bechtel Department	• • $1.2-1.4B • $1.9-2.1B • $1.8-2.1B	• $0.75-0.9B • $1.0-1.5B • $1.7-1.8B • $1.5-1.7B	• Up to $1.1B • $0.8-1.0B • $1.3-1.7B • $1.3-1.6B[1]
Project Management/Capital Outlay Support	• Significant construction complexities create potential for higher support costs.	• Will require redesign costs. • Construction complexities may lead to higher support costs.	• Will require redesign costs. • Lower support costs anticipated due to conventional construction.

AESTHETIC RISKS	Alternative 1: SAS	Alternatives 3-5: Cable-Stayed	Alternative 6: Skyway
Local Expectations and Acceptance	• High acceptance in 1998.	• Previously rejected by region in 1998. • Limited opposition expected today.	• Previously rejected by region in 1998. • Some opposition expected today.
Aesthetics (Look of Bridge)	• Has had public consensus.	• Similar appearance to SAS.	• Not a cable-supported structure.

IRT estimate includes:

- Capital cost of the main span, and main span foundations E2/T1 and W2 (modifications).
- No cost for impacts to adjacent contracts.
- Design costs ($25 million).
- Escalation to mid-point of construction.
- Contingencies of $100M are included in the cable-stayed estimate.

Bechtel estimate includes:

- Capital cost of the main span, and main span foundations E2/T1 and W2.
- Cost of impacts to adjacent contracts including termination, redesign, or modification to on going contracts.
- Design costs.
- Escalation – 5% per annum was used for specific portions of the work.
- Contingency was developed based on a probable risk analysis.

TYLin/MN estimate include:

- Capital cost of the main span, and main span foundations E2/T1 and W2.
- Cost of impacts to adjacent contracts including termination, redesign, or modification to on going contracts.
- Design costs ($30 to $50 million).
- Escalation – no indication that the estimate was escalated to mid-point of construction.
- Contingency – a specific contingency was not provided other than the estimated cost range shown.

Department estimate includes:

- Capital cost of the main span, and main span foundations E2/T1 and W2.
- Cost of impacts to adjacent contracts including termination, redesign, or modification to on going contracts.
- Design costs ($65 million).
- Escalation – estimates are escalated to the mid-point of construction.
- Contingency – 10% to 15% on re-advertise, 20% to 30% on redesign.

[1] Based on Industry outreach program
[2] These costs could increase by $200M if there is a substantial delay in obtaining permits.

C/CAG AGENDA REPORT

Date: January 13, 2005

To: C/CAG Legislative Committee

From: Richard Napier, Executive Director

Subject: REVIEW AND APPROVAL OF STATE LEGISLATIVE PRIORITIES FOR THE 2005 STATE LEGISLATIVE SESSION

(For further information or questions contact Richard Napier at 599-1420 or Walter Martone at 599-1465)

RECOMMENDATION

That Legislative Committee consider approval of the list of State legislative priorities for 2005 as attached to this report.

FISCAL IMPACT

Many of the priorities listed in the attached chart have the potential to greatly increase the fiscal resources available to C/CAG member agencies.

SOURCE OF FUNDS

New legislation.

BACKGROUND/DISCUSSION

Each year the C/CAG Board adopts a set of legislative priorities to provide direction to its Legislative Committee, staff, and its Lobbyist. The C/CAG Board in the past has established the following things that the priorities are intended to accomplish:

- Identify a clearly defined program with objectives at the beginning of the Legislative Session.
- Identify specific priorities to be accomplished for the Session by the Program and the Lobbyist.
- Limit the activities of C/CAG to areas where we can have the greatest impact.

The adoption of a list of priorities will hopefully maximize the impact of having a Lobbyist represent C/CAG in Sacramento and will also significantly reduce the amount of C/CAG staff time that is needed to support the program. The attached list was reviewed and amended by the Committee on November 11th and December 9th. Those changes are noted with ~~strikeouts~~ and **bold underlining**.

ATTACHMENTS

- Proposed C/CAG Legislative Priorities for 2005.
- Letter from Arne Croce to Tom Campbell.

PROPOSED C/CAG LEGISLATIVE PRIORITIES FOR 2005

Changes from the proposal presented in November are noted with BOLD Underlining for additions and Line outs for Deletions

Objective	Strategy	Relevant Bills	Priority
1. Secure stable funding to pay for increased NPDES mandates.	• Support efforts to exempt NPDES from the super majority voting requirements. • Include NPDES as a priority for funding in new sources of revenues (i.e. water bonds). • Advocate for C/CAG and San Mateo County jurisdictions to be identified as a pilot project to receive earmarked funding. • Support efforts to reduce NPDES requirements as a way to stimulate business development **while still working to improve the quality of the Ocean, Bay, streams, creeks, and other waterways**. • Oppose efforts to require Total Maximum Daily Load (TMDL) measures and support other efforts to reform the NPDES program. **There are insufficient scientific methods to evaluate the benefits of TMDL measures. For this reason C/CAG instead supports the implementation of Best Management Practices (BMPs).**	• Reintroduce, support and aggressively work for the passage of ACA 10.	ONE
~~10~~ **2**. Protect against the diversion of local revenues **including the protection of redevelopment funds and programs**.	• Support League and CSAC Initiative to protect local revenues including interpretation and implementation of Proposition 1A. • **The 20% redevelopment housing set aside is the primary source of housing funds for cities and counties and must be protected and preserved.**		**TWO**
~~2~~ **3**. Encourage the State to protect transportation funding **and develop an equitable cost-sharing**	• Urge the State to restrict or eliminate transfer of State transportation funds to the State General Fund. • Urge the State to continue to pursue a		**THREE**

arrangement to pay for the construction of the Bay Bridge.	solution to the Federal Ethanol tax problem. • Urge the State to pay back the previous loans within the next four years. • Urge the passing of legislation to close the Proposition 42 loophole that allows the State to borrow the funds at will. • Direct the C/CAG legislative advocate to monitor and advocate these positions. • **Oppose efforts to divert any of the Regional Measure 2 funds to pay for the Bay Bridge cost overruns.** • **Work with Senate President Pro Tempore Don Perata and the Governor's Administration to support a plan that does not overburden the Bay Area.**		
~~3~~ **4**. Guard the right of local jurisdictions to establish and enforce local land use policy (support the efforts of the League, but do not take an active role).	• Oppose efforts to limit the ability of local jurisdictions to determine appropriate land uses within its boundaries. • Support efforts that provide added flexibility to local jurisdictions so that they can implement smart growth programs.		**FOUR**
~~6~~ **5**. Protect against increased local costs resulting from State action without 100% State reimbursement for the added costs.	• Ensure that there is real local representation on State Boards and Commissions that are establishing policies and requirements for local programs. • Advocate for the appointment of Administration Officials who are sensitive to the fiscal predicament faced by local jurisdictions. • Oppose State action to dictate wage and benefits for local employees. • Oppose State action to restrict the ability of local jurisdictions to contract for services. • Advocate for State actions that are required to take into consideration the fiscal impact to local jurisdictions.		**FIVE**
~~5~~ **6**. Support lowering the 2/3rd super majority vote for local special purpose taxes.	• Support bills that reduce the vote requirement for special taxes such as public safety, infrastructure, and		**SIX**

	transportation. • Oppose bills that lower the threshold, but dictate beyond the special tax category, how locally generated funds can be spent. • Support bills that reduce the vote requirement for special taxes but increase the vote requirement for general taxes.		
4 7. Support incentives for increasing low and moderate income housing stock, and oppose State housing mandates.	• Support efforts to allow jurisdictions to contribute to affordable housing projects in other jurisdictions and receive State credit for the contribution. • Oppose State dictated criteria for the approval of housing. • Support incentives for housing that represent new funding. • Oppose redirecting existing revenues and adding new requirements. • Support efforts to give jurisdictions increased flexibility to meet housing needs.		**CONTINUE DISCUSSION**
9 8. Advocate for solutions to the State budget crisis. (Some of these items may not be appropriate as C/CAG items) See attached letter from Arne Croce, City Manager, City of San Mateo	• Support measures to realign the property tax with property related services. • Support measures to ensure that local governments receive appropriate revenues to service local businesses. • Support measures to collect sales tax on Internet transactions. • Support expansion of the sales tax to personal and professional services. • Support new public sector retirement plans that cut costs and encourage longevity. • Support efforts to restructure PERS to be more accountable to employers. • Support efforts to moderate increases in PERS/STRS employer contributions. • Support development of new revenue sources for safety retirement systems.		**WATCH FOR LEGISLATION THAT MAY BE INTRODUCED ADDRESSING THESE ISSUES**
11 9. Support alternative energy initiatives **and monitor studies related to the elimination of the Hetch-Hetchy Reservoir**.	• Support efforts to develop incentives for alternative energy and green building programs **including reclaimed water**. • **Follow and support the efforts of the PUC to protect our water source.**		**FOLLOW BILLS THAT DEAL WITH THIS TOPIC**

~~7~~ 10. Support congestion pricing as a tool to manage traffic congestion.	• Support a congestion pricing demonstration on the Dumbarton Bridge (such as a high-occupancy-toll lane) to address traffic congestion in the 2020 Peninsula Gateway Corridor study area.		**HOLD FOR FUTURE CONSIDERA-TION**
~~8. Support efforts to develop a fair cost sharing arrangement for the Bay Bridge cost overruns.~~	~~• Oppose efforts to divert any of the Regional Measure 2 funds to pay for the Bay Bridge cost overruns.~~ ~~• Work with Senate President Pro Tempore Don Perata and the Governor's Administration to support a plan that does not overburden the Bay Area.~~		**COMBINED WITH OBJECTIVE 2**

OFFICE OF THE CITY MANAGER

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November 8, 2004

Mr. Tom Campbell
Finance Director
Department of Finance
915 L Street
Sacramento, CA 95814

Re: State and local finances

Dear Mr. Campbell:

Congratulations on your appointment as California's Finance Director. I wish you the best as you begin to address the significant financial challenges facing our state.

One of the most important long-term issues we face is to construct a state and local government financing structure that matches the economy of our state and produces revenue sufficient for government to undertake its functions. The passage of Proposition 1A was the necessary first step in this effort. There is much more work to be done.

The problems with California's current state/local finance structure are rooted in three causes:

- We have lost the historic nexus between property tax and property-related services;
- We continue to apply a 1930's taxation system, based on physical transactions, to a 21st century information and service economy; and,
- Public employee retirement costs have become a huge burden, consuming a disproportionate share of state and local revenue.

The following suggestions address these causes:

- **Realign the property tax with property related services.** Cities, on the average, now receive only about 15% of the basic 1% property tax levy. Yet cities provide the most basic property-related services: police and fire protection, street maintenance, and local park maintenance.
- **Enact measures to ensure local government receives appropriate revenues to service local businesses.** There are many businesses that have a significant physical presence and

service demand in our communities but pay little in the way of local taxes to support these services. Some of these are business-to-business technology related companies that avoid sales taxes. Others are financial institutions and insurance companies who are exempt by state law from the local business license tax. Perhaps dedicating a portion of the corporate income tax to local governments from businesses in their jurisdiction should be considered and lifting the exemption to local taxes for certain businesses.

- **Reconsider the issue of collecting sales taxes on Internet transactions**. This is appropriate, not only from a revenue standpoint, but also out of fairness to our local business community. The Internet has become an established method of commerce. It provides the incentive of convenience and, often, price for shoppers. The additional incentive of avoiding sales taxes needs to be reexamined; it costs us badly needed revenue and is unfair to established businesses.

- **Broaden the application of the sales tax to personal and professional services**. This would acknowledge the tremendous growth in the service sector nature of our economy in recent decades. It could also allow a reduction in the overall sales tax rate while being revenue neutral. This would avoid the inevitable flight of many residents to out-of-state and Internet purchases of products as our sales tax rate continues to climb.

- **Develop new retirement plans**. It is time to evaluate the fundamental assumptions of current retirement plans. Current retirement plans simply do not fit the realities of today and tomorrow's work forces and are unnecessarily costly. Providing public employees with greater benefits at earlier ages simply does not make sense. We should be encouraging good employees to stay. The State of Oregon has pioneered new plans in recent years.

- **Restructure PERS.** The PERS board, as structured, provides very little influence by employers and the board has no financial accountability for their decisions. The board is heavily weighted towards employees and retirees whose interest is to seek continued enhancements to defined benefit plans while most private sector employers have migrated to defined contribution plans. Again, Oregon has made changes in their public retirement board to make it more focused on the interests of taxpayers.

- **Moderate and smooth out the coming steep increases in PERS/STRS employer contributions**. When the economy does improve, the rates will decline but, they will go down much slower then they go up. There may be ways to flatten out the rates and keep the retirement systems actuarially sound.

- **Consider a new, dedicated revenue source to fund safety retirement.** Our public safety personnel are essential and the work they do is risky. They deserve a decent pension. As the cost of what has been established by PERS and the State as an appropriate retirement benefit continues to take a greater share of the State and local budgets, perhaps a special state-wide tax or assessment to fund safety retirement costs should be considered. Putting such a proposal before the voters would at least allow us to

make a clear choice of whether these enhanced retirement benefits should come at the expense of street maintenance, libraries, and parks.

The California Commission on Tax Policy in the New Economy has done considerable, quality work in identifying useful changes to the state/local tax structure. This is a good starting point to move forward on long-term reform. The biggest hurdles to any change will be political. As Machiavelli stated 500 years ago:

> "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new. "

Thank you for your consideration of my remarks. Please contact me if I can be of any assistance to you. Best wishes in your new position.

Sincerely,

Arne Croce
City Manager

I would like to meet with you sometime when you are in the Bay area or I am in Sacramento.

Cc: San Mateo Mayor and City Council
Senator Jackie Speier
Assembly Member Gene Mullin
Chris McKenzie, League of California Cities