

ANOTHER PUBLIC-PRIVATE PARTNERSHIP DISASTER

California: Doyle Drive/Presidio Parkway Project

The Doyle Drive/Presidio Parkway Project is a P3 disaster from right here in California. Because they are so profitable, it is not a surprise that multi-national companies and Wall Street investment houses want to bring more such P3s to the “lucrative” California market.

What the experts say:

The cost of San Francisco’s Doyle Drive replacement (1.6 mile south approach to the Golden Gate Bridge) more than doubled when it was converted to a P3. Fully funded and scheduled to be delivered using the traditional design-bid-build method, the project was to cost \$473 million¹ and likely would have been delivered for far less thanks to a favorable bid environment. The nonpartisan Legislative Analyst Office strongly recommended against converting Doyle Drive into a P3 because the state was “not likely to achieve any significant benefits from procuring this project as a P3.” The LAO analysis concluded that the state would save money and complete the project on schedule by using traditional procurement.²

As a P3, the project will now cost \$1.1 billion and will be funded not with “new money” but with availability payments of \$28 million³ to \$43 million⁴ a year for 30 years out of the State Highway Account. That will mean hundreds of projects will not be built in California over the next three decades.

In December 2010, Senators Alan Lowenthal and Joseph Simitian opposed the P3 in a letter to Caltrans that said “approximately \$740 million of the total cost will be used to pay the financing cost, profit to concessionaires, and operations and maintenance over the next 30 years. This is a very expensive proposition.”⁵ Assembly Members Bob Blumenfield, Joan Buchanan, and Bonnie Lowenthal also urged Caltrans not to convert the project to a P3, writing it “is not a viable candidate for a P3 agreement.”⁶

The Public Interest Alternative

- Require competitive bidding.
- Require public oversight, design and inspection to ensure public safety and cost controls.
- Any tolls should be reinvested in our transportation and other public infrastructure.
- Prohibit non-compete clauses and cash payments that prevent improvements to competing public roads, increasing congestion.

¹ Letter from Business, Housing, and Transportation Agency Secretary Dale Bonner to California Transportation Commission, January 19, 2010

² Letter from the Legislative Analyst’s Office to Senator Alan Lowenthal, December, 9, 2010

³ Caltrans Notice of Intent to Award Contract to Golden Link Partners for Presidio Parkway Project through a Public-Private Partnership, October 15, 2010

⁴ CTC Resolution, “Approval of Public-Private Partnership Project, Presidio Parkway Project (Doyle Drive Phase II),” May 20, 2010

⁵ Letter from Senators Alan Lowenthal and Joseph Simitian to Caltrans Director Cindy McKim, December 22, 2010

⁶ Letter from Assembly Members Bob Blumenfield, Joan Buchanan, and Bonnie Lowenthal to Caltrans Director Cindy McKim, December 21, 2010