

LAO: “Design-Build and Public-Private Partnerships Not Needed to Advance Projects”

In case you missed it, the LAO yesterday concluded in its Transportation Budget Analysis that “design-build and public-private partnerships are not needed to advance projects.” The LAO also found that design-build and public-private partnerships “are not a necessary element to implementation of the Governor’s economic stimulus proposal.” In short, they DO NOT create jobs or do anything to alleviate our economic crisis.

Here are relevant excerpts from the report:

Design-Build

“Discussion with the Department (of Transportation), however, indicate that design-build authority would not be used for any of the highway projects being proposed for acceleration... it is not a necessary element to implementation of the Governor’s economic stimulus proposal.” pp. 20-21

Public-Private Partnerships

“Similarly, Caltrans indicates that it does not plan to use the proposed public-private partnership authority to speed up any projects designated for acceleration. Consequently, it is not likely that the Governor’s proposal to authorize public-private partnerships for transportation projects would result in economic stimulus....” p. 21

LAO Alternatives Actually Create Jobs

To create jobs as soon as possible, the LAO again offered an alternative approach: “*we recommend the use of revenue bonds backed by future state gas tax revenues to accelerate 122 highway rehabilitation projects. These projects would be ready for construction in 2008-09, 2009-10, and 2010-11 but are not scheduled for construction until later years due to limited funding.*” The LAO reports also finds “*if the state were to receive federal economic stimulus funds for transportation projects, we think funding highway rehabilitation projects such as those we identified in our report would have the greatest economic benefit to the state.*” p. 22