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Editorial

Editorial: Put private sector in public works

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SAN FRANCISCO - As 2007 begins, California's political spotlight is primarily on Gov. Schwarzenegger's much-anticipated health care insurance expansion push, to be unveiled Tuesday at the State of the State speech. Major players on all sides of the issue are already promoting their contradictory agendas.

However, a less-ballyhooed Schwarzenegger initiative with impressive potential for creating positive statewide changes is also on the drawing board. The Republican governor's team is looking closely at ways to recruit private businesses to build a variety of projects throughout California, supplementing the record-breaking $37.3 billion public works bond measure approved by voters in November.

When Gov. Schwarzenegger first proposed his infrastructure renovation plan last year, he envisioned spending $222 billion over a decade, with a $68 billion bond centerpiece enriched by local and federal contributions plus public-private partnerships. After months of negotiations with the Democratic legislative majority, a more compact but politically realistic package emerged just in time for the November ballot.

Even so, California public works experts agreed virtually unanimously that making the state's roads and public buildings truly adequate for the 21st century would cost far more than the $37.3 billion approved for infrastructure improvements. So now the Schwarzenegger administration is looking harder at ways to expand public works investment from the private sector.

The governor discussed his hopes for increased public-private partnerships last month on one of his regular radio talks, saying corporate financing of California infrastructure would be a popular investment opportunity while freeing state revenues for other public needs.

The best-known form of public-private investment is new, for-profit toll roads that expand highway capacity that otherwise could not be increased. Although such privately built roads would be new to Northern California, some have already appeared in even more traffic-choked Southern California. And publicly funded tollbooth highways are virtually the norm across the eastern U.S.

Early signs are that public-private partnerships carefully structured to safeguard the taxpayers will enjoy substantial bipartisan support. State Sen. President Pro Tem Don Perata, D-Oakland, has said he favors project-by-project consideration of free-market public projects because government revenues can never be enough to build everything worth building.

State Senate Transportation and Housing Committee Chairman Alan Lowenthal, D-Long Beach, will hold hearings this month on these partnerships. He is already recommending truck-only toll lanes to expand the highway out of the busy Port of Long Beach.

Schwarzenegger's office says FasTrak-based "congestion pricing" is also under consideration. This market approach, already utilized in Southern California, charges tolls to use roads or downtown districts at the busiest hours. Public-private partnerships can also finance construction of public buildings under long-term leases set in advance.

Skeptics of public-private partnerships warn that for-profit road building can cost more than if financed by the state, and some such projects have been done without competitive bidding or valid cost control. Still, Gov. Schwarzenegger insists that California can negotiate contracts that fully protect taxpayer interests.

To The Examiner, it seems self-evident that aggressively innovative solutions must be found for building California a genuinely competitive 21st century infrastructure, and the market-driven approach promises to get this vital job done without starving other essential public services.

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