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Executive Director

For Additional Information Contact:
Stuart Drown
Executive Director
(916) 445-2125

Commission Says State Infrastructure Strategy Needed

The Little Hoover Commission issued recommendations on Thursday, January 28, 2010, urging the governor and the Legislature to rethink the state's growing reliance on bonds to fund infrastructure projects and to instead take a more comprehensive and innovative approach to infrastructure planning and development. The Commission concludes that California must think harder and spend smarter on the roads, bridges, levees, schools, prisons and canals it builds. And it must take better care of its assets so that they continue to serve the Californians of tomorrow. In its report, *Building California: Infrastructure Choices and Strategy*, the Commission recommends creation of a statewide infrastructure strategic plan and process that assesses needs, establishes priorities, and integrates multiple state goals into the planning and delivery of infrastructure.

"If California is to emerge from the recession more economically competitive, state leaders must develop an infrastructure strategic plan that prioritizes the state's most pressing needs and identifies new ways to pay for the billions of dollars of infrastructure the state will need," Little Hoover Commission Chairman Daniel Hancock said.

Following its earlier study of how the state spends bond money, the Commission grew concerned about the growing use of bonds as the primary method of paying for infrastructure in recent years and the pressure that bond debt service places on the state's general fund and by extension, other state programs. In this report, the Commission found that the way the state currently funds its infrastructure is inadequate to meet future demand. A lack of planning, along with methods of delivering infrastructure that fail to take advantage of the full range of options, contribute to the state's inability to meet its growing infrastructure needs. The Commission also sees significant opportunity in how the state could deliver infrastructure through the expanded yet careful use of public-private partnerships.

In *Building California: Infrastructure Choices and Strategy*, the Commission recommends that the state:

Conduct statewide infrastructure strategic planning to assess and prioritize needs across state operations and create an infrastructure vision for California. The Legislature should expand the role of the Strategic Growth Council

beyond its current coordination of state policies and activities for greenhouse gas reduction and sustainable regional planning to include infrastructure planning that supports both economic growth and the state's environmental goals. The Legislature should establish an infrastructure planning committee in each house to provide a conduit for participating in creation of the infrastructure strategic plan and enacting legislative and budget measures to take action on the plan.

Restructure the process for delivering state infrastructure to reflect the true costs of the asset and the need to explore alternative ways to pay for new and ongoing infrastructure costs. The state should expand its options to deliver infrastructure, including generating more revenue through user fees and special taxes and understanding the life-cycle cost of an asset.

Increase efficiency of existing infrastructure. The state should expand the use of demand management strategies where appropriate to diminish the need to build added infrastructure and provide revenues to pay for maintenance, operations or creation of complementary infrastructure.

Increase its capacity for creating public-private partnerships at the state and local level to increase efficiency, reduce costs and speed delivery of projects where such an approach is appropriate. The governor and Legislature should be cautious in its approach to implementing public-private partnerships under recent legislation and ultimately should create a center of excellence to negotiate and implement partnerships on behalf of interested state and local agencies.

“It is time to develop a strategic plan to rebuild and expand the state's infrastructure and develop better and more sustainable ways to provide for it,” said Chairman Hancock.

The Little Hoover Commission is a bipartisan and independent state agency charged with recommending ways to increase the efficiency and effectiveness of state programs. The Commission's recommendations are sent to the governor and the Legislature. To obtain a copy of the report, *Bond Spending: Expanding and Enhancing Oversight*, contact the Commission or visit its Web site: www.lhc.ca.gov.