



**REVISED
ACTION ITEM**
April 18, 2018

TO: Board of Directors

FROM: **Public Affairs and Legislation Committee**
(Directors Dick, Tamaribuchi, and Thomas)

Robert Hunter, General Manager

Staff Contact: Heather Baez

SUBJECT: AB 2543 (Eggman) – State Agencies: Infrastructure Project Budget and Schedule

STAFF RECOMMENDATION

Staff recommends the Board of Directors vote to adopt an oppose position on AB 2543 (Eggman).

COMMITTEE RECOMMENDATION

Committee recommended the Board adopt an oppose unless amended position.

BILL SUMMARY

AB 2543 would direct state agencies and departments to post specified information about changes in the cost or schedule of large infrastructure projects on their websites. Specifically:

- 1) Requires each state agency or department authorized to undertake any infrastructure project costing \$100 million or more to publicly post on its Internet Web site any change in the cost or schedule of the project that would result in the project exceeding its established budget by 10% or more or in delaying its completion by 12 months or longer.
- 2) Specifies that the posted information must describe how much the project is expected to exceed its established budget or delay its construction schedule.

Budgeted (Y/N): n/a	Budgeted amount: n/a	Core X	Choice ___
Action item amount: None	Line item:		
Fiscal Impact (explain if unbudgeted):			

ARGUMENTS IN SUPPORT

According to the author, AB 2543 would provide necessary scrutiny to ensure major state infrastructure projects are undertaken with full transparency and accountability. She uses an October 2017 audit of the California WaterFix project by the California State Auditor as evidence of the need for this bill. The audit found that the unexpected complexity of the California WaterFix, an infrastructure project managed by the Department of Water Resources, had resulted in significant cost increases and delays.

ARGUMENTS IN OPPOSITION

AB 2543 would create a new reporting requirement that would apply to numerous state agencies that could potentially include projects such as roads, universities, prisons, transit, and water infrastructure. It does not clearly define what constitutes an “established budget” or project schedule, and is not clear whether it applies to the operation and maintenance of existing infrastructure or just new projects.

The Legislature currently has considerable authority through oversight and the annual budget process to examine projects that it believes merit such scrutiny. Additionally, the public can obtain budget and schedule public records for any public project.

This measure would not improve state management of important projects and would only add new costs, more paperwork and possibly, more litigation over any perceived non-compliance.

The author has cited the California WaterFix as evidence of the need for this bill. However, AB 2543 will not result in any change in how state dollars are managed for the California WaterFix as no state funds are involved.

STAFF COMMENTS

MWDOC’s Legislative Policy Principles directly reflect opposition to legislation that is intended to place further restrictions or delays on the California WaterFix project. Specifically, *it is MWDOC’s policy to oppose legislation and regulation that: Delays or impedes implementation of the California WaterFix and EcoRestore.*

DETAILED REPORT

The full text of AB 2543 is attached.