

February 3, 2009

The Honorable Dianne Feinstein
331 Hart Senate Office building
Washington, DC 20510

The Honorable Barbara Boxer
112 Hart Senate Office Building
Washington, DC 20510

The Honorable Nancy Pelosi
House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

Dear Senator Feinstein, Senator Boxer and Speaker Pelosi,

Thank you very much for all of your hard work and effort on the federal stimulus package that will help jumpstart our nation's economy and bring relief to so many American families. We do not underestimate the difficulty of the task in which you are engaged, and truly appreciate your advocacy on behalf of California and the entire country.

We are writing to ask for your assistance in a matter that could dramatically increase the stimulus effect of the funding currently proposed for transportation projects in California. As you may know, in addition to the projects that will be made possible by the stimulus, California has numerous other highway and transit projects that are either already under construction or that would be ready for construction by June 30, 2009. In addition, there are also many transit, local streets and road projects which are ready to begin, but will not be part of the stimulus. For all of these projects, more than \$4.5 billion in General Obligation bonds has been approved already by the voters.

Unfortunately, because of the credit crisis nationwide, and California's cash crisis, we are currently unable to sell these General Obligation bonds on Wall Street to fulfill the state's share of the funding needed to move these projects forward. Our immediate need for these projects is simply a loan, technically "bridge financing," from the federal government that will be paid back when the bonds are ultimately sold. In similar circumstances in years past, the state has looked to banking institutions to provide bridge financing until the crisis has abated. As you are keenly aware, this is not an option today. The federal government is truly the lender of last resort for this type of problem.

Consequently, we are asking you to consider adding bridge financing into the Stimulus specifically for projects in line to receive state bond funds. Unlike other Stimulus funds, every dollar loaned would be paid back once the bonds are sold. By adding loan authority to the Stimulus you will be dramatically leveraging State dollars to exponentially increase the jobs

created and associated economic impact of the Stimulus in the very short term. For every \$1 billion spent on transportation projects, 18,000 jobs will be created and/or saved.

Among the highway projects that are ready to be started, but that have been stalled by the inability to sell bonds, are two large projects – the HOV lane on the 405 Freeway in Los Angeles between the 10 Freeway and Highway 101 (\$730 million state share) and the new bore in the Caldecott Tunnel in the Bay Area (approximately \$200 million state share). By providing California needed bridge financing, you will help to ensure that these projects move forward, and that they do not crowd out other worthy, smaller highway projects from receiving Stimulus funding.

We realize that the House version of the Stimulus package includes several incentives intended to jumpstart the municipal bond market. Even if these incentives achieve the desired effect of opening up the credit markets to California and other government debt, the problem about which we are writing will still exist. Here is why: currently California has a backlog of several billion in General Obligation bonds needed to finance ongoing transportation, school, water, and other public works projects. These bonds are first in line to be sold prior to the sale of bonds to fund the transportation projects about which we are writing. It is unclear how long it will take to sell the backlogged bonds, but it is entirely clear that during that delay many of the new projects we are writing about will be stalled and possibly derailed permanently. Even worse, such a delay could place at risk federal funds that were previously allocated to these projects such as \$130 million in the case of the HOV lane on the 405 freeway.

Specifically, we are seeking \$4.5 billion in potential bridge financing that could be used to temporarily cover the state's share of projects such as:

- \$1 billion for projects whose contracts have been awarded and construction has begun, but that are now stalled. The total value of these projects is \$1.8 billion.
- \$1.7 million for projects that are, or will be, ready for contracts to be awarded by June 30, 2009. The total value of these projects is \$2.2 billion.
- \$700 million for local streets and road projects. This is in addition to an estimated \$700 million of federal stimulus that is expected to flow to local government.
- \$1.15 billion for ready-to-go transit projects.

Therefore, we respectfully urge you to insert a loan program in the Stimulus package that is separate from, and in addition to, the funds currently contemplated for transportation projects. In that one act you will dramatically increase the stimulus effect of the funds flowing to transportation infrastructure in California – a goal we all know is critically important at this time.

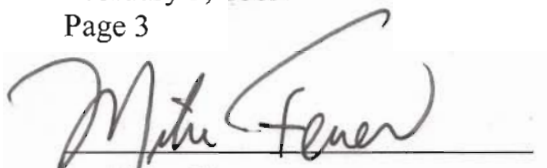
Thank you very much for your consideration.



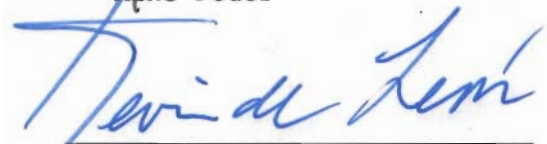
BOB BLUMENFIELD
Assemblymember 40th District




KAREN BASS
Speaker of the Assembly




Mike Feuer



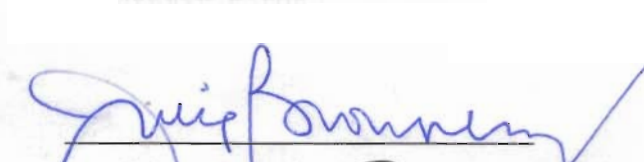
Kevin De León



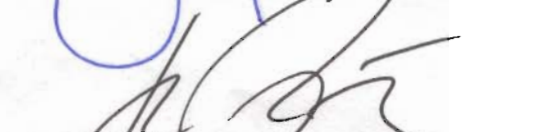
Tom Ammiano



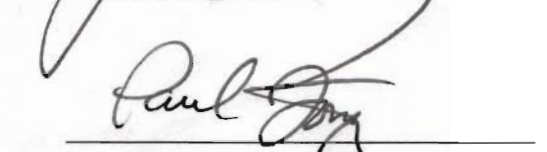
Noreen Evans




Julia Brownley



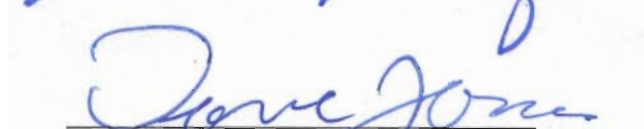
John A. Perez



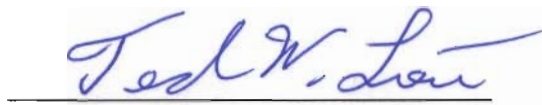
Paul Fong




William W. Monning




Dave Jones



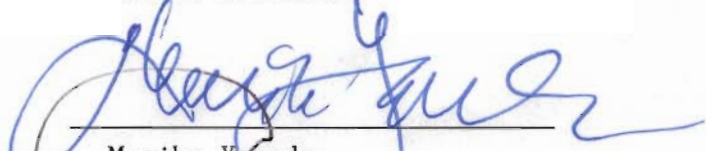
Ted W. Lieu




Jerry Hill



Edward Hernandez



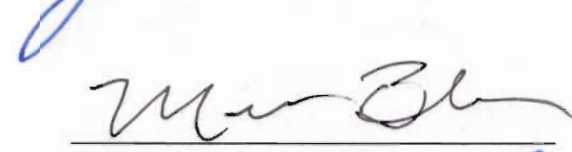
Mariko Yamada



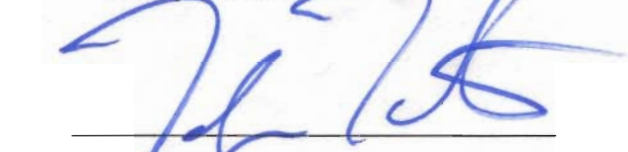
Joe Coto



Jose Solorio



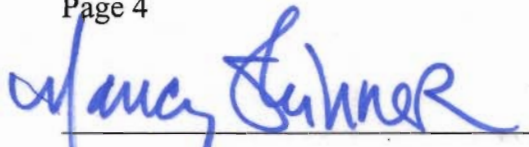
Marty Block



Felipe Fuentes



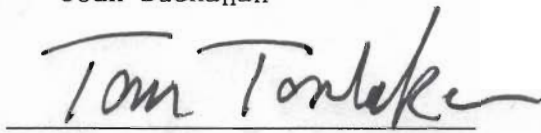
Lori Saldaña



Nancy Skinner



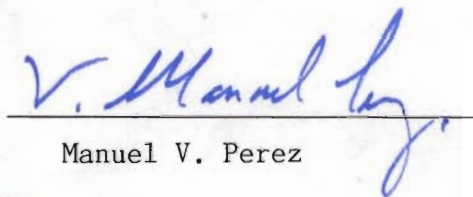
Joan Buchanan



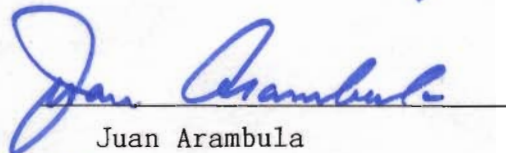
Tom Torlakson



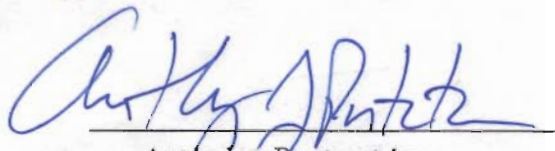
Hector De La Torre



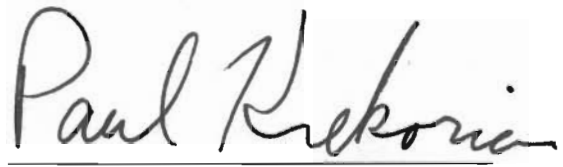
Manuel V. Perez



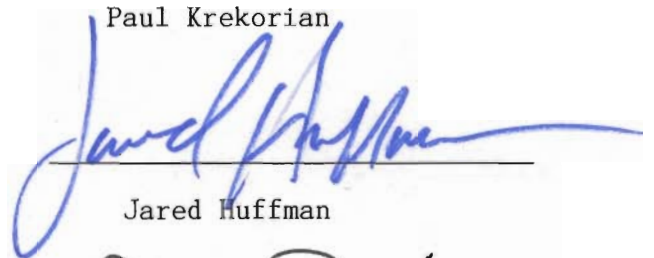
Juan Arambula



Anthony Portantino



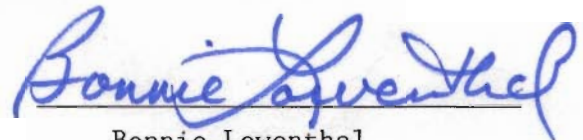
Paul Krekorian



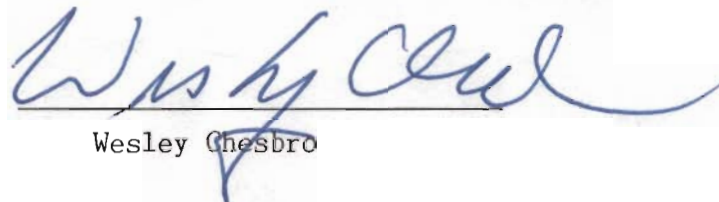
Jared Huffman



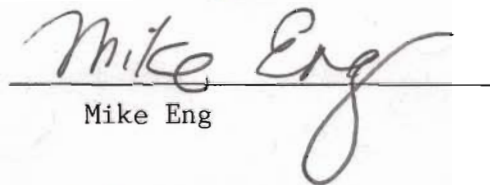
Ira Ruskin



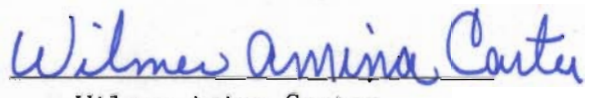
Bonnie Lowenthal



Wesley Chesbro



Mike Eng



Wilmer Amina Carter

