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The **VOICE** of Construction

#### In This Issue

##### "Read My Lips"

Can the Industry Rise to the Challenge?

Open House & Ribbon Cutting of New AGC Headquarters & Training Center - Sept. 10

Call for Entries - Build San Diego - Due Aug. 31

Filanc Ethics in Construction - Lecture - Oct. 13

Public Agencies Survey

Education / Safety Training

Save the Date - CLC Car Show - Oct. 14

Committee Meetings

#### Get Social With Us:



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AGC San Diego

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##### "Read My Lips"

*Dustin Steiner, Vice President Government & Industry Relations*

In his 1988 acceptance speech at the Republican National Convention, then candidate George H.W. Bush famously pronounced, "*Read my lips: no new taxes.*" The line helped coalesce and energize his base, while also providing fodder for Dana Carvey's Saturday Night Live persona for years to come. It then became an albatross around his neck as he battled a Democratic-controlled Congress and ultimately agreed to a budget compromise that did indeed raise taxes. In 1992, Bill Clinton seized upon this reversal, using a series of TV ads to replay the famous line, and the voters rewarded him with the White House. Playing Monday Morning Quarterback in 2021, it seems the problem was less about the actual taxes and more about the broken promise.

In 1987 and again in 2002, the San Diego Association of Governments (SANDAG) went to the voters with sales tax measures to fund infrastructure. "Infrastructure" continually polls very well, and even the most strident fiscal conservatives generally contend that funding for roads is a worthwhile government expenditure. TransNet even included an actual list of road projects to be built. Fast forward to 2018 and SANDAG hired a new Executive Director, Hasan Ikhrata, with a bold new vision. From day one, Mr. Ikhrata has said the promises from the past didn't much matter because the expected TransNet windfall came in significantly lower than expected, and even if it hadn't, those projects do not meet changes to state law and public opinion. There are currently 21 TransNet projects on the chopping block - 19 of which are highway improvements. Because TransNet was a voter initiative, the SANDAG

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## **WELCOME NEW AGC MEMBERS**

**The AGC Board of Directors and AGC staff would like to welcome the newest members to AGC - San Diego Chapter**

[A Omega Termite & Construction](#)

[Dan Napier, CIH dba DNA Industrial Hygiene](#)

[Domeier Architects, Inc.](#)

[Downstream Services](#)

GDL Construction, Inc.

[Harbour Constructors Co.](#)

[LCR Earthwork & Engineering Corp.](#)

[Milwaukee Electric Tool](#)

[RMA Companies](#)

[ZurelSoft, Inc.](#)

### **AGC's Motto:**

*"It's Good Business to do  
Business with an AGC Member."*



### **2021 AGC Annual Convention**

**September 21-23 - Orlando, Florida**

For details visit

<http://convention.agc.org>

Board of Directors would need 2/3 vote to remove those 21 projects - a vote that could take place as early as this Fall.

It is quite clear that SANDAG is moving on. What is less clear is whether the voters are too. While the SANDAG Board is not unified in its support of Mr. Ikrat's vision, he does have the votes on the Board. He has proposed the so-called ["5 Big Moves"](#) which is no longer a list of projects to be built, but a framework for fundamentally changing the way people move around San Diego County. These moves also come with a hefty price tag - \$166 billion. So, how does SANDAG plan to pay for this when TransNet funding came in 40% below expectations? Go back to the voters!

SANDAG is hoping to take advantage of what may be a small window of opportunity for tax measures on the ballot. Historically, tax measures have required a 2/3 vote of the people to become enacted, however, recent court cases have upheld 50% +1 for measures that are initiated by the public. Put another way, if the citizens of San Diego want to tax *themselves* for infrastructure improvements, the threshold is much lower than if a government agency wants to tax that same populace. There are already major legal challenges underway to close this "loophole," however, it is unlikely that will happen before 2022, making it a good time to pass a tax increase.

Political winds shift quickly. In February 1991, President Bush enjoyed an 89% approval rating before losing his bid for re-election 21 months later. Infrastructure talks in D.C. have begun to stall as moderates balk at the big numbers a \$3.5 trillion spending bill that has been linked to passage of the \$1.2 trillion infrastructure bill. Indeed SANDAG's *biggest* move may prove to be winning approval from the voters for another sales tax increase, while we are still paying a half-cent tax for TransNet until 2048. Additionally, the SANDAG Board recently voted to "negotiate" exclusively with the San Diego Building Trades Council for a union-only Project Labor Agreement (PLA), which has a history of increasing project costs by 15-25%.

AGC San Diego does not have a position on this or any other possible ballot measures for 2022. Regardless, SANDAG should not start its 2022 campaign by canceling previously promised projects, while excluding 80% of the county workforce that is non-union, and votes. There is still much work to be done to decide details like how much of an increase and what exactly it will (or will not) fund and if the work will be open to all willing bidders. AGC has met with Mr. Ikrat to discuss our concerns about PLAs. In 2016, AGC stood with SANDAG in support of Measure A. It is our hope that SANDAG will work with *all* stakeholders to deliver on these bold new promises without the lip service of the past.

### **Can the Industry Rise to the Challenge?**

*Mike McManus, Director of Engineering Construction & Industry Relations*