
June 2008 Monthly Report for MTC

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Re: Monthly Report for June 2008

Date: July 2, 2008

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Bi-Partisan Policy Coalition Meeting

On June 6th, Tom Bulger and Steve Heminger attended a metropolitan governance workshop sponsored by the National Transportation Policy Project of the Bipartisan Policy Center in Washington, D.C.

The focus of the day long meeting was on what the role of the federal government can and should play in empowering metro areas and holding them accountable for meeting national transportation policy goals. Specifically, what governance structures and arrangements allow, encourage, and provide accountability. The discussion was productive and we will be working with this group leading up to the next authorization legislation.

Congress Begins FY 2009 Appropriation Process

The House and Senate have kicked off the FY 2009 appropriation process. Several House and Senate subcommittees have held mark-ups of FY 2009 appropriation bills, and a small handful of bills have been passed by the full committees. With only July and a few weeks in September available for Congress to complete the FY 2009 appropriation bills before the end of the fiscal year and 2008 election, it is widely assumed that many of these bills will not be passed into law before the end of the fiscal year. There is already wide speculation that most of the FY 2009 appropriation bills will be wrapped up into an omnibus bill that will pass after the 2008 election. Below is a summary and status of several appropriation bills of note.

FY 2009 TRANSPORTATION/HOUSING & URBAN DEVELOPMENT

Status:

House – Marked-up by sub committee (No Bill Number)

Senate – No Action (full committee scheduled to mark up bill July 10th)

House Subcommittee Acts on FY 2009 Transportation/Housing & Urban Development Appropriations Legislation

On Friday, June 20th, 2008 the House Transportation and Housing & Urban Development Appropriations (THUD) Subcommittee marked up the FY 2009 THUD appropriation bill. The highlights of the legislation are as follows:

Federal Highway Administration

The subcommittee mark honors the highway guarantees in SAFETEA-LU providing \$40.2 billion for Federal Highway programs, this total includes the automatic reduction of \$1 billion caused by the revenue aligned budget authority (RABA) provision of SAFETEA-LU reflecting lower-than-expected fuel tax receipts. The total is \$800 million over the President's request. The legislation does include a \$3.15 billion contract authority rescission, but does not include language rescinding old earmarks as requested in the President's budget.

The legislation also rejects President Bush's proposal to borrow funds from the mass transit account to make up the projected budget shortfall in the highway account.

In his remarks, Subcommittee Chair, John Olver (D-MA), expressed deep concern that budget projections indicate that the highway trust fund would go broke in the middle of FY '09 and would be in between \$1.4 billion and \$3.3 billion in deficit by the end of FY '09. Congressman Olver indicated that the shortfall is not of the Appropriation Committee's making, nor its responsibility to make up the difference. Congressman Olver expressed hope that the authorizing committee's would create a solution as the THUD bill moves forward.

Federal Transit Administration

The Subcommittee mark meets all of the spending guarantees for FTA under SAFETEA-LU, and appropriates \$10.3 billion for Federal Transit programs, \$203 million over the

President's request. Capital Investment Grants (New Starts) receives an appropriation of \$1.809 billion, \$188 million above the budget request.

Amtrak

The legislation includes \$1.439 billion for Amtrak, \$114 million more than last year and \$914 million more than the President's budget. The increase all comes in the Operating Grants account, which receives \$589 million. The Capital and Debt Service Grant account receives the same \$850 million.

Additionally, the new program for capital grants to states for intercity passenger rail receives \$60 million, twice as much as last year, but \$40 million less than what was in the President's budget.

Outlook

The full House Appropriation's Committee was scheduled to take up the legislation the week of June 23rd; however that will be delayed due to partisan bickering over a number of other appropriation bills which were scheduled ahead of the THUD bill. It is expected that the full committee will take up the legislation following the July 4th recess. At that time the committee will release the 'report', which will include more details as well as the legislation's earmarks.

The Senate THUD subcommittee is also scheduled to take up the legislation on July 10th.

FY 2009 HOMELAND SECURITY

Status:

House – Marked-up by Full Committee (No Bill Number)

Senate – Marked up by Full Committee (S. 3181)

House Homeland Security committee Reports FY 2009 Appropriations

On June 26th, 2008, the House Appropriations Committee took action on the FY 2009 Homeland Security appropriation legislation, the report has not been filed yet so we are unable to determine what amendments were approved in the committee; however it is unlikely that many changes were approved. Heading into the full committee, the legislation includes \$400 million for transit security grants, the same as last year, and \$225 million more than the President's request. Last August, President Bush signed into law H.R.1, the 9/11 Commission Recommendations Act of 2007. The legislation authorizes \$3.4 billion in transit security funding over a four year period, including \$750 million for FY 2009. The FY 09 House Homeland Security legislation would under appropriate the program by \$350 million.

Additionally, the legislation included a handful of funding earmarks for the first time since the formation of the Department of Homeland Security. Below are the Bay Area earmarks:

Emergency Operations Center; Half Moon Bay -- \$750,000 – Anna Eshoo

Emergency Operations Center; San Francisco -- \$1.0 million – Nancy Pelosi

FEMA Predisaster Mitigation; Santa Clara Water Valley District -- \$790,000 – Mike

Honda

FEMA Predisaster Mitigation; Berkeley -- \$750,000 – Barbara Lee

Senate Homeland Security committee Reports FY 2009 Appropriations

On June 19th, 2008, the Senate Appropriations Committee took action on the FY 2009 Homeland Security appropriation legislation, S. 3181, the report includes \$400 million for transit security grants, the same as last year, and \$225 million more than the President's request and the same as the House. However, unlike the House, S. 3191 does not include any earmarks.

OTHER APPROPRIATION POINTS OF INTEREST

- House Energy & Water legislation includes \$295 million for the Energy & Environment Block Grant Program; this program allocates funds to cities and counties for energy conservation programs. These funds may be used for transportation projects, which reduce vehicle miles traveled, including transit projects if the Secretary of Energy approves.

Senate Debates and Tables Cap & Trade Legislation

In June, the Senate took a week to debate S. 2191, the Climate Change Security Act of 2008, more commonly known as the Warner-Lieberman Cap & Trade legislation. A summary of the legislation can be found in the May GRI monthly report.

The legislation stalled on the Senate floor over a number of partisan issues, several of which did not pertain to the underlying legislation. Senate Majority Leader Reid (D-NV) used a parliamentary gimmick referred to as filling the tree, which prevents any Senator from offering an amendment to the legislation. This tactic angered many Republicans and much of the week long debate focused on partisan bickering over procedure, who was to blame over the high price of gas, and the appointment of Federal judges. When the debate did turn to the underlying legislation, it was mainly focused on the impact of the legislation to the economy and the implications it could have on the price of gas.

It is expected that this legislation will be a top priority in the next Congress with both Presidential candidates having spoken in favor of a cap & trade scheme, meaning ultimate passage is more likely.

House Cap & Trade Legislation Introduced

Congressman Ed Markey (D-MA), chairman of the House Select Committee on Energy Independence and Global Warming, has introduced the "Investing in Climate Action and Protection Act,"(H.R. 6186) which would allocate 20 percent of the expected revenues into initiatives to reduce vehicle miles traveled (VMT). Funding would be distributed to cities with a population of at least 35,000 and to counties with populations of at least 200,000. Funding for VMT in H.R. 6186 is substantially higher than its Senate counterpart. The rising price of gas has shown a recent spotlight on transit service in the

U.S. as more people are turning to transit for alternative means of transportation. However, transit is woefully under funded and any revenues for transit investments contained in pending change legislation is desperately needed to maintain and enhance the existing mass transportation infrastructure.

Congressman Earl Blumenauer (D-OR) and Congresswoman Ellen Tauscher (D-CA) are circulating a "Dear Colleague" letter that urges House leadership to address emissions from surface transportation in any climate change legislation that may be considered. The letter states that "Significant funds should be dedicated to increase public transit, intercity passenger rail, intelligent transportation systems, and bicycle and pedestrian alternatives."

It is highly unlikely that the House will have time to address this legislation in this Congress, but it does provide a glimpse into what may lie ahead next year.

Congress Passes Short-Term FAA Reauthorization Without Highway Trust Fund Fix

In June, the House and Senate failed to include a fix for the trust fund as part of the FAA reauthorization extension. The bill provides for a three-month extension of the federal excise taxes that support the Airport and Airway Trust Fund and a three-month extension of the authority to spend money from that Trust Fund. The previous FAA authorization extension was set to expire at the end of June. The House and Senate proposal called for \$8 billion to shore up the Highway Trust Fund. Although the \$8 billion would not be offset, the Congressional Budget Office has scored the language as having no effect on direct spending because it is a repayment from a 1998 loan from the Trust Fund account. That removes any hurdles from pay-go rules that would normally require Congress to offset new expenditures with spending cuts or revenue increases. Sen. Jim DeMint (R-SC) objected, saying that Congress had a chance to reduce highway funding in the SAFETEA-LU technical corrections bill a few weeks ago and chose not to do so and that the aviation bill was not an appropriate vehicle, thus the language was dropped.

Amtrak Legislation Passes the House

The House has passed a \$14.4 billion Amtrak bill HR 6003, authorizing AMTRAK for five years. The White House threatened to veto the legislation because it "authorizes an unprecedented level of funding but does not include basic measures to hold Amtrak accountable to taxpayers for its pending decisions." Amtrak is an annual point of contention between President Bush and Congress, who has pushed for ending Amtrak subsidies and eliminating unprofitable lines, and supporters in Congress who argue that there is no major national railway worldwide operating without government subsidies. The Senate passed its \$11.4 billion Amtrak authorization in October and Senator Lautenberg (D-NJ) said that public concern about \$4 a gallon gasoline should pressure Congress to move quickly to conference and may persuade President Bush to sign the first Amtrak authorization bill in 11 years.

The legislation's future is uncertain given the President's veto threat and a Congressional Calendar, which is shrinking quickly.

House Passes HR 6052 -- Saving Energy Through Public Transportation Act of 2008

In June, the House passed HR 6052, the 'Saving Energy Through Public Transportation Act of 2008'. Below is a break down of the legislation as it was passed by the House

Section 3 – Grants to Improve Public Transportation Services – Authorizes an additional \$750 million for FY 2008 and FY 2009 for the 5307 urban formula grants. Additionally, it authorizes \$100 million for FY 2008 and FY 2009 for section 5311 grants. It should be noted that these funds are only authorized and would need to be appropriated separately. Congressman Hodes (D-NH) successfully offered an amendment that would allow these funds to be used to support rideshare and commuter matching programs.

Section 4 – Increased Federal Share for Clean Fuel or Alternative Fuel Vehicle-Related Equipment or Facilities – Increased Federal share for the clean fuel or alternative fuel vehicle-related equipment or facilities to 100% for FY 2008 and FY 2009

Section 5 – Transportation Fringe Benefits – Requires that all Federal employees are offered the transit benefit authorized by section 132(f) of the Internal Revenue Code and that the Secretary of Transportation shall issue guidance on nationwide implementation of the program. The guidance shall contain a uniform application for use by all Federal employees applying for benefits under the program. The provision also requires each Federal agency to develop and submit a review of the program. Congressman McGovern (D-MA) & Davis (R-VA) successfully offered an amendment which would create parity between the parking and transit portions of the transportation fringe benefit at \$220/month for Federal employees

Section 6 – Capitol Cost of Contracting Vanpool Pilot Program – This provision establishes a pilot program, which would allow for private vanpool operators to use fare revenue for the purposes of growing and expanding the program. The pilot program is limited to 5 area nationwide, 3 in urban areas, 2 in rural areas.

Section 7 – Increased Federal Share for End-of-Line Fixed Guideway Stations – Increases the Federal share for parking facilities at rail stations to 100% federal unless the grant recipient requests otherwise. Congressman Reichert (R-WA) successfully offered an amendment, which would also allow for commuter bus station park & ride facilities to be 100% federal.

Section 8 -- National Consumer Awareness Program -- Congressman Oberstar included in his manager's amendment a provision offered by Congressman Oberstar which would require the Department of Transportation to carry out an awareness program to educate the public about the benefits of transportation alternatives.

HR 6052 will now go to the Senate where its fate is uncertain.

House & Senate Committee's Hold a Number of Committee Hearings on the Next Transportation Bill in June

Below is a brief summary of the hearings House & Senate committee's conducted on the next transportation bill, which we attended:

House T&I Committee -- Infrastructure Investment Hearing on the Hill

The House Transportation and Infrastructure held a hearing to examine methods for financing investment in our nation's infrastructure, including roads, bridges, public transportation, aviation, ports, waterways, and wastewater treatment infrastructure. The hearing detailed how sufficient investment on transportation and public infrastructure is crucial to the nation's economic growth, competitiveness, and the quality of life in communities. The hearing also discussed how the impact of infrastructure is affecting the nation in many ways and one of the biggest ways is through an increase in congestion. Road congestion has become a major national problem and according to the Texas Transportation Institute's 2007 Urban Mobility Study, traffic congestion in the Nation's 437 urban areas continues to increase.

Senate Commerce -- Committee Hearing on Freight Movement

The Commerce Committee met to discuss challenges facing the efficient movement of freight. Witnesses, including representatives from the Department of Transportation and the President and CEO from the Association of American Railroads, testified about the changing nature of freight transportation and the anticipated increase in freight volumes and the needed infrastructure to support it. Senator Frank Lautenberg (D-NJ) encouraged the use of trains and barges, which "can reduce highway congestion and wear-and-tear on our roads and bridges. They are also more energy-efficient than trucks, which will aid our fight against global warming and help us become more energy independent."

Senate Banking -- Mayors Testify on the Nation's Infrastructure

The Senate Banking Committee heard from a number of mayors on the status of infrastructure in urban areas. Testifying at the hearing was Mayor John Peyton of Jacksonville, Mayor Mike Bloomberg of New York, Mayor Shirley Franklin of Atlanta, and Mayor Mark Funkhouser of Kansas City. As highlighted by Senator Chuck Hagel (R-NE) and Senator Chris Dodd (D-CT), there are few people in the country who have a better understanding of the importance of infrastructure than local leaders and mayors. As described by Senator Dodd, "these mayors, like their colleagues across the country, bear the lion's share of the responsibility for maintaining the roads, bridges, mass transit systems, drinking water systems, wastewater removal systems, and other vital components of our national structure. The Federal Highway Administration reports that out of the 4 million miles of roads in our nation, over 3 million are owned by counties, cities, and towns. During their testimony, the Mayors highlighted how vitally important infrastructure investment and improvement is to their communities and to our nation.

**FTA Announces Project Selections for FY 2008 Bus and Bus Facilities
Discretionary Program Funds**

On June 3rd, 2008 the Federal Transit Administration announced that it had selected 27 projects to receive \$96 million remaining from the FY 2008 Bus/Bus Facility program. Congressional appropriators did not earmark those funds, thus FTA had discretion over project selection. See project selections below.

In it's announcement, FTA declared that in lieu of holding a separate notice of funding available (NOFA), it choose projects based upon the FY 2007 NOFA. If you recall, those funds were allocated to the President's Congestion Relief program. FTA received proposals totaling over \$3.2 billion in response to that NOFA.

Of the amount allocated, \$9.60 million—or 10 percent of total program availability—is made available to the Chicago Transit Authority to support its request to the U.S. Department of Transportation's Solicitation of Proposals for its Congestion-Reduction Demonstration Initiative.

Table 1

FY 2008 Discretionary Bus and Bus Facilities Projects			
State	Project ID	Project Recipient	Allocation
AZ	D2008-BUSP-001	City of Tucson	3,000,000
AZ	D2008-BUSP-002	Regional Public Transportation Authority, Valley Metro (Pheonix)	3,000,000
GA	D2008-BUSP-003	Cobb County Transit	1,000,000
IA	D2008-BUSP-004	University of Iowa/Cambus	1,000,000
IL	D2008-BUSP-005	Chicago Transit Authority	9,602,078
KY	D2008-BUSP-006	Kentucky Transportation Cabinet	4,587,354
MI	D2008-BUSP-007	Ann Arbor Transportation Authority	757,428
MI	D2008-BUSP-008	Capital Area Transportation Authority (Lansing)	1,000,000
MO	D2008-BUSP-009	Bi-State Development Agency	3,000,000
NC	D2008-BUSP-010	Chapel Hill Transit	3,000,000
NC	D2008-BUSP-011	Charlotte Area Transit System	5,000,000
NC	D2008-BUSP-012	Durham Area Transit Authority	3,000,000
NH	D2008-BUSP-013	New Hampshire Department of Transportation	1,772,800
NV	D2008-BUSP-014	Regional Transportation Commission of Southern Nevada (Las Vegas)	5,000,000
NY	D2008-BUSP-015	Capital District Transportation Authority (Albany)	2,000,000
NY	D2008-BUSP-016	New York Metropolitan Transportation Authority, New York City Transit	7,000,000
OK	D2008-BUSP-017	Oklahoma Department of Transportation	3,000,000
OR	D2008-BUSP-018	Lane Transit District (Eugene)	1,000,000
PA	D2008-BUSP-019	Pennsylvania Department of Transportation	2,075,000
SD	D2008-BUSP-020	Prairie Hills Transit (Spearfish)	1,598,000
TX	D2008-BUSP-021	Dallas Area Rapid Transit	9,000,000
TX	D2008-BUSP-022	Metropolitan Transit Authority of Harris County	7,000,000
TX	D2008-BUSP-023	Texas Department of Transportation	11,628,120
TX	D2008-BUSP-024	VIA Metropolitan Transit Authority (San Antonio)	2,000,000
VA	D2008-BUSP-025	Greater Richmond Transit Company	1,000,000
VA	D2008-BUSP-026	Transportation District Commission of Hampton Roads	2,000,000
WI	D2008-BUSP-027	Metro Transit System (Madison)	2,000,000
Total Allocation			\$ 96,020,780

Metropolitan Mobility Caucus Created

Congresswoman Ellen Tauscher (D-CA) and Congressman Tom Petri (R-WI), both members of the House Transportation and Infrastructure Committee, have started a Metropolitan Mobility Caucus that “supports the creation of a new, multi-modal approach to addressing transportation challenges in metropolitan areas.” Similar to the proposal of the National Surface Transportation and Revenue Study Commission, the Metropolitan Mobility Caucus would target congestion reduction in metropolitan areas as a policy goal by reducing Vehicle Miles Traveled (VMT) through land-use policies and investments in public transportation.