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December 2008 Monthly Report for MTC

To: Steve Heminger, Executive Director
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From: Tom Bulger, President
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Re: Monthly Report for December 2008

Date: December 28, 2008

- **President Elect Obama Selects Ray LaHood as Transportation Secretary**
- **Economic Stimulus Update**
- **MTC Meeting with Senate Environment & Public Works Committee**
- **Congress Fails to Act on the Auto-bailout and the SILO Issue**
- **Federal Transit Administration Releases Partial Year FY 2009 Apportionments**
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Congressman LaHood Named as Secretary of Transportation

In December, Congressman Ray LaHood (R-IL) accepted an offer to become President-elect Barack Obama's transportation secretary nominee. The selection was made official just before the President-elect was set to leave for a family vacation in Hawaii.

Congressman LaHood, 63, who is retiring after representing a rural downstate district in Congress since 1995, becomes the second Republican tapped for Obama's Cabinet. A moderate Republican, LaHood has not shied away from criticizing the Bush administration and has a reputation for working with leaders of both political parties.

LaHood served as longtime chief of staff to former House Minority Leader Bob Michel (R-IL) before winning the seat in 1994. LaHood served on the Transportation and Infrastructure Committee from 1995-2000 before joining Appropriations from 2001-2008. On Appropriations, LaHood has not been particularly active on transportation issues but has been among the

moderate voices within his own party who sided with organized labor on occasion during tough floor votes.

Recently, Congressman LaHood has voted in favor of many pieces of pro-transportation legislation including, the Passenger Rail Investment Act, the 'Saving Energy Through Public Transportation' Act, and for the renewable energy job creation act, all of which were bills most Republicans opposed.

President Obama's Chief of Staff Rahm Emanuel (D-IL) is among the many Illinois members who have a very high opinion of LaHood, who often tried to organize bipartisan retreats and other activities to help House Republicans and Democrats get along better.

LaHood's nomination comes as a surprise as his name had not been mentioned by insiders. However, it should not be a shock as President-elect Obama committed to naming one Republican to his cabinet, and only Transportation & Labor had yet to be filled. Additionally, it should be noted that the Achilles heel for Chicago's 2016 Olympic bid is transportation infrastructure. Congressman LaHood is familiar with this challenge and would be in a prime position to help as Secretary of Transportation.

Economic Stimulus Update

A shroud of uncertainty covers the much anticipated economic stimulus package. Rampant rumors as well as inconsistent messages from Congressional leaders and the President-elect have left many wondering what will and won't be in the economic stimulus package and when it will be completed. What we know is that soon after beginning the 111th Congress, the House and Senate will introduce and act upon an economic stimulus measure which is expected to be in the range of \$600-\$750 billion covering two years. What is not clear is whether there will be one massive economic stimulus bill, or if it will be broken up into several pieces. As Congressional leaders and the President-elect left for the holiday season, there was no clear answer. It is not even clear who is in charge of drafting the package. Throughout the month of December, several committee chairs produced economic stimulus proposals. Congressman Oberstar (D-MN), chair of the House Transportation & Infrastructure committee, introduced a proposal that would allocate \$85 billion of federal resources to infrastructure-related projects. This move is seen as an attempt to pre-empt the appropriations committee from assuming all control over the infrastructure portion of the stimulus package.

Congress is set to return on January 6th, with the inauguration coming only 2 weeks later. There are many who believe that Congress wanted to pass this legislation by inauguration day, however, in a phone call with the Obama transition team we learned that even they believe Congressional action by inauguration is unlikely and that mid-February is a more reasonable target.

We continue to monitor and meet with staff on the legislation and will update MTC staff as appropriate.

MTC Meeting with the Senate Environment & Public Works Committee

On December 19th, Steve Heminger and Tom Bulger met with senior staff of the Senate Environment & Public Works Committee on the highway component of the economic stimulus package. We discussed various ways how the highway funding could be sized, structured, and administered. We also discussed strategies for how the funding could be defended by public scrutiny and properly implemented.

Congress Fails to Act on the Auto-bailout and the SILO Issue

As the 110th Congress concluded in December, it was unable to pass the auto bailout bill. The legislation was approved by the House but defeated in the Senate. With its defeat, Congress was unable to pass legislative language that would direct the president's designee – likely the U.S. Treasury Department – to serve as guarantor for SILO/LILO transactions approved by the Federal Transit Administration (FTA) prior to January 1, 2006. The language, which has been included in the auto bailout bill, specifies that any payments made by the federal government as a result of such guarantees must be recouped from transit agencies. This language was added to ensure that there would be no cost to taxpayers or the federal government as a result of the federal guarantees.

Since the failure of Congress to act, President Bush has approved domestic use of the \$700 billion bailout for automakers, but has yet to make any agreements that would relieve transit agencies affected by the SILO/LILO issue.

Federal Transit Administration Releases Partial Year FY 2009 Apportionments

The Federal Transit Administration released partial-year FY 2009 apportionments that will equal 42 percent of the funds available to transit agencies in FY 2009. These funds were appropriated by Congress through PL 110-329, the FY 2009 Continuing Resolution that currently funds the federal government through March 6th, 2009. Congressional leaders have recently made overtures that they would like to complete the FY 2009 appropriation process before March 6th, and have indicated it will be one of the first orders of business for the new Congress. We have provided MTC staff with the apportionments for their review.

FTA Names Executive Director

Matt Welbes, a career FTA employee, was selected as the new Federal Transit Administration career position of Executive Director of the agency. This likely means that he will be Acting Administrator after the inauguration in January until President-elect Obama's FTA nominee is approved by the Senate (usually not until March or even June). This announcement has been a long time coming; the job was announced in June and candidates were interviewed in July.

APTA Legislative Committee Meeting

On December 12, we participated in the APTA legislative committee meeting at the L'Enfant Plaza Hotel. The committee discussed the upcoming economic stimulus package. It is expected that Congress will use existing Federal Transit Administration formulas to distribute transit funds in the stimulus package. However, there a question as to how Federal Highway stimulus funds should be allocated; interestingly, APTA did not take a position on the question of whether or not to sub-allocate such funds under the existing FHWA surface transportation program (STP).

The committee discussed APTA's authorization recommendations and spent more time on the metro mobility program concept. The committee also reviewed reports on high-speed and intercity rail as well as waterborne transportation.

ITS America Authorization Committee Meeting

On December 3rd, Tom Bulger attended the ITS America Authorization Committee meeting. The main issue discussed was performance measurements and metrics for future ITS-related projects.

Transportation 4 America Meetings

In December, we attended a number of Transportation 4 America (T4 America) meetings. The focus on many of the meetings was the economic stimulus package. T4 America approved a set of principles and drafted a letter outlining its position on the stimulus package, specifically:

1. Fix it first – funding should be directed to maintenance and operational programs;
2. Funds be used in a way that is in line with other policy goals stated by the Obama transition team, specifically, energy and climate change policy;
3. Funding and project selection should be transparent and subject to public review;
4. A portion of funds should be sub-allocated to the local level.