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*Memorandum*

TO: MTC Advisory Council

DATE: February 3, 2009

Elderly and Disabled Advisory Committee

Minority Citizens Advisory Committee

FR: MTC Staff

W.I. 1114

RE: MTC Economic Stimulus Proposal

In partnership with President Obama, Congress is in the process of developing an \$800–\$900 billion economic recovery package calling for massive new spending as well as tax cuts.

The House passed its version of the American Recovery and Reinvestment Plan last week on a party line vote of 244 to 188.

Meanwhile, the Senate Appropriations Committee approved its portion of the American Recovery and Reinvestment Plan, paving the way for consideration by the full Senate.

The bills focus spending on sectors deemed critical to rebuilding the nation's economy, including transportation and other infrastructure, technology and science, schools and educational programs, clean energy, and healthcare.

The economic stimulus plan now in development in Washington is fairly in synch with a set of guiding principles adopted by MTC In December 2008. These principles were e-mailed to you last week and are attached to this memo. Mirroring concepts in MTC's principles, both the House and Senate versions of the stimulus bill call for distributing short-term funding by existing statutory formulas rather than via project earmarking, although by somewhat different formulas.

According to an MTC analysis, the House version of the stimulus bill would deliver \$47 billion for transportation projects and programs nationwide, while the Senate version would provide nearly \$46 billion. These figures could shift as overall funding levels go up or down. The Bay Area stands to receive in the range of \$552 million to \$646 million in formula funds.

Short-term stimulus funding likely will focus on system preservation activities that can be commenced and completed quickly, such as road resurfacing, bridge repair and bus replacements. MTC's principles also call for a second tier of "longer-term 'game-changing' investment strategies that can jump start a new direction for federal transportation in the 21st century" — particularly in the realms of climate protection and energy security.

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Along these lines, the Senate bill includes a \$5.5 billion competitive grant program to be administered by the U.S. secretary of transportation for transit, highway or goods movement projects that will have a significant impact on the nation, a metropolitan area or a region. The bill directs the secretary to ensure an equitable geographic distribution of funds, as well as a balance between urban and rural communities, and to give priority to projects that are expected to be completed within three years. The fund would also be replenished by any transit or highway formula funds that are unobligated within one year. The bill establishes a minimum grant size of \$20 million and a maximum grant size of \$500 million.

MTC staff is currently finalizing a proposed package for presentation to the Programming and Allocations Committee at its meeting next Wednesday, February 11, 2009. This package will be presented for your comment at a special joint advisor meeting on Tuesday, February 10, 2009 beginning at 3:15 p.m. in MTC's Auditorium. All of MTC's advisors are encouraged to attend this meeting.