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September 2009 Monthly Report for MTC

To: **Steve Heminger, Executive Director**
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Re: **Monthly Report for September 2009**

Date: **September 30, 2009**

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1. Transportation Authorization Update

The end of the fiscal year came and went with Congress completing work on a continuing resolution that will keep the government up and running for the next month. However, this fiscal year was special for transportation advocates because it marked the end of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The Act expired without a new long-term authorization signed into law. Surprisingly, Congress adjourned on September 30 without passing an extension of SAFETEA-LU. The sticking point of the extension was the length of the extension and the repeal of an $8.7 billion contract rescission.

The House passed a three-month extension of the transportation bill, which did not include a rescission; while the Senate has took action, but has been working towards a White House backed, 18-month extension. As the clock wound down, Senate leaders agreed to the length, and insisted on including language that repealed the rescission. The House informally agreed to accepting the repeal if they were able to make it budget-neutral. As time wore down, the Senate ran out of parliamentary tricks and simply ran out of time. Despite this, Congress continued funding the Highway Trust Fund. Included in the Continuing Resolution signed by the President is a provision that extends SAFETEA-LU one month. It should be noted that the rescission mentioned is only for contract authority, and Congressional leaders have indicated that they plan on including language in the next extension to reinstate funding for affected states.

2. Senate Climate Change Legislation Update

On September 30, 2009, Senator Barbara Boxer (D-CA), Chair of the Senate Environment & Public Works Committee, along with Senator John Kerry (D-MA), introduced the 'Clean Energy Jobs and American Power Act' This legislation is the Senate's version of climate change legislation.

During September, we continued to work with the Senate Environment & Public Works Committee to perfect the Greenhouse Gas Emissions Reductions through Transportation Efficiency (Sec. 112), and the Transportation Greenhouse Gas Emission Reduction Program Grant (Sec. 113) sections of the legislation affecting planning.

Working with Senate committee staff, we were able to include language that would allow the Environmental Protection Agency (EPA) to certify transportation plans that included emission reduction prior to the legislation taking effect. In addition, we are working to increase the percentage of allocations that will be dedicated to transportation. While the legislation, which was introduced in September, did not include allocations of allowances of revenue, we believe — based on intelligence we have received — that the initial draft of funding allowances for transportation will contain inconsequential amounts.

On September 30th, MTC sent a letter to Senator Boxer requesting that transportation sections receive a higher percentage of allowances. Below are details of the transportation sections:

Greenhouse Gas Emissions Reductions through Transportation Efficiency (Sec. 112)

National Transportation Greenhouse Gas (GHG) Reduction Goal

- Directs the EPA to consult the U.S. Department of Transportation (DOT) Secretary to establish a national goal for transportation-related greenhouse gas emissions reductions commensurate with the goal in the overall bill.

- EPA and DOT assess progress toward reducing transportation-related GHGs every 6 years.

Models and Methodologies

- EPA, in consultation with DOT, develops models, methodologies and best practices for states and regions to use when developing transportation sector GHG emissions reduction targets and plans.
- DOT, in consultation with EPA, improves transportation planning models and tools, and can update planning requirements to meet the goals of this section.

Transportation Planning Process to Include Oil & Sustainability Considerations

Amends the state and MPO transportation planning process to add additional factors to consider, as well as additional agencies to coordinate with when developing their long range transportation plans:

- Adds to the policy section: that it is in the national interest for transportation planning decisions to reduce (versus “minimize”) fuel consumption, as well as minimizing reliance on oil, impacts on the environment, and transportation-related GHG emissions.
- Adds to planning factors that should be considered in the transportation planning process to include: promoting sustainability and livability; reducing surface transportation-related GHG emissions and reliance on oil; adapting to the effects of climate change; and improving public health. These factors get added to an existing factor that deals with the environment, energy, and quality of life. Also includes the need to promote consistency between transportation improvements, and housing and land-use patterns.
- Metropolitan Planning Organization’s (MPO) long-range transportation plans must be developed in cooperation with state and local agencies responsible for transportation, public transportation, air quality, and housing, and in consultation with public health agencies, among other agencies.
- The EPA may approve existing long-range plans that qualify.

Greenhouse Gas Reduction Targets and Strategies in State and MPO Planning

Amends the state and metropolitan planning process to include transportation-related GHG reduction targets and strategies, and increase coordination between agencies:

- Requires states and large MPOs (above 200,000 in population) to develop surface transportation related GHG emission reduction targets, and strategies within two years of final regulations from EPA. Smaller MPOs can opt-in to the process.
- Sets minimum requirements for these targets and strategies that they should:
    - Demonstrate progress in stabilizing and reducing emissions;
    - Inventory surface transportation related GHG emissions;
    - Apply to modes of surface transportation addressed within the existing planning process;
    - Use the models and methodologies developed by EPA and DOT;
    - Be integrated into state and MPO transportation plans and TIPS; and

  - Use scenario analysis to evaluate the emission reduction effects of a variety of strategies including: public transportation, walking and biking infrastructure, zoning and land-use changes, travel demand management (including pricing, telecommuting, carpooling), better system management, intercity passenger rail, bus and freight, hybrid vehicle facilities, and other efforts that are shown to reduce GHGs from transportation.

- DOT and EPA will review and approve the GHG emission reduction plans based on whether the plan is likely to achieve the GHG emission target, and the plans comply with the minimum requirements.
- There is no penalty for non-compliance, except that the state or MPO is not eligible for the funding described below, nor is there a penalty for failure to achieve goals or targets.

Transportation Greenhouse Gas Emission Reduction Program Grants (Sec. 113)

The section creates a planning grant for all MPOs and a competitive grant program to provide funding for states and MPOs in order to implement transportation-related GHG reduction plans. This program is funded with ten percent of revenue dedicated to the State and Local Investment in Energy Efficiency and Renewable Energy fund in Section 202. Separately, public transportation agencies receive 45 percent of the funding from the State Climate Change Response and Transportation fund for existing transit formula programs.

<u>Planning & Competitive Grant Program (in the State and Local Investment in Energy Efficiency and Renewable Energy Fund, Section 202)</u>

- Maximum of five percent of funds in this section are for MPOs to develop the GHG reduction plans, distributed by formula based on population.
- DOT, in consultation with EPA, would develop criteria for distributing the remaining funds as grants to states and MPOs for projects and programs within transportation GHG reduction plans; the federal share is 80 percent. The formula takes into account:
  - Quantity of GHG reductions estimated from plan;
  - Cost-effectiveness of GHG reductions over the life of the plan;
  - Progress toward achieving reductions;
  - Reductions previously achieved;
  - Plans that address mobility needs of people without cars, with low incomes, minorities, the elderly, disabled, etc.; and
  - Other factors such as innovative approaches, economic development, and other benefits.
- States and MPOs can sub-grant funds to local governments, air quality agencies, zoning commissions, transit agencies and other non-eligible public entities.

Transit Funding (in the State Climate Change Response and Transportation Fund)

Allocates 45 percent of this fund to public transportation agencies, which can be used for capital needs and preventative maintenance (as well as potentially operating assistance in areas under 200,000 in population), as follows:

- Eighty percent to urbanized areas through Section 5307 of Title 49;
- Ten percent to areas, other than urbanized, through Section 5311 of Title 49; and

- Ten percent to states via the growing and high density states formula through Section 5340 of Title 49.

The Senate Environment & Public Works Committee is scheduled to take action on the legislation in October or November. The House has already passed their version of the legislation.

3. DOT receives $57 billion in Requests for TIGER Grants

In September, the U.S. Department of Transportation announced that it had received nearly 1,400 applications — worth $51 billion — from all 50 states, territories and the District of Columbia vying for a share of the $1.5 billion the department will award for innovative transportation projects that show significant economic and environmental promise for the nation, a region, or a metropolitan area.

The Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant program was created by Congress to finance significant performance-driven projects, and those that involve multiple jurisdictions or modes.

In its announcement, DOT indicated that of the $57 billion in TIGER grants requested, more than half of the applications are for highway or bridge projects, with the rest of the applications focusing on transit, railroad, port infrastructure, multimodal or other investments.

The Department of Transportation will require project sponsors seeking over $100 million in federal funds to undertake an economic cost-benefit analysis. The required analysis will consider factors such as fuel and travel time savings, carbon emission reductions, and economic and public health benefits. The Department of Transportation will also use a cross-modal evaluation process where teams from each of the major modes — highways, transit, rail, maritime and aviation — will work together to evaluate a broad cross-section of projects.

Project selection will happen no later than February 17, 2010; however, DOT Secretary Ray LaHood has committed to announcing all of the projects by January.

4. Department of Transportation Announces Grant Recipients for TIGGER (not TIGER) Transit Grants

On Monday, September 21, Secretary LaHood announced the recipients of the Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) grant program, which was part of the American Recovery and Reinvestment Act (ARRA), passed earlier this year. Selection criteria included a project’s ability to reduce energy consumption and GHG emissions, and also to provide a return on the investment. Other criteria included readiness to implement, applicant capacity, degree of innovation and national applicability. The Federal Transit Administration (FTA) reviewed more than $2 billion in applications for these funds and selected 43 projects totaling $100 million. Below is a list of projects selected from California:

AC Transit (Hayward, Oakland headquarters) — $6,400,000 — Install photovoltaic (PV) capacity to generate "green" hydrogen
Install multiple PV modules at its central maintenance facility in Hayward.

City of Santa Clarita — $4,620,000 — PV Modules on Transit Maintenance Facility
Add PV modules to the transit maintenance facility (TMF) to generate electricity to offset the electric power consumed at the TMF site.

Los Angeles County Metropolitan Transportation Authority (Los Angeles) — $4,466,000 — Red Line Westlake Rail Wayside Energy Storage System
Install wayside energy storage substation (WESS) at Westlake passenger station at grade level on the high-speed, heavy-rail subway Red Line.

North County Transit District (North San Diego, headquarters in Oceanside) — $2,000,000 — PV Solar Implementation at facilities
Install PV solar in a variety of facilities.

5. EPA Releases Zoning and Land Use Tool Box

On September 19, 2009, EPA Administrator Lisa Jackson released a zoning code and land use ordinance tool box for local governments. Ms. Jackson made the announcement during the third leg of a Sustainable Communities tour she was making with the secretaries of Transportation and Housing & Urban Development (HUD).

The tour is a part of the work that the agencies have committed to through the DOT-HUD-EPA interagency partnership the three agencies announced in June. The tool box is a collection of best practices and examples of local land use policies and zoning code. The tool box can be found at: http://www.epa.gov/smartgrowth/pdf/2009_essential_fixes.pdf

6. EPA Announces Mandatory Reporting of Greenhouse Gases

On September 23, the EPA issued their Final Mandatory Reporting of Greenhouse Gases Rule. This new program will cover approximately 85 percent of the nation's GHG emissions and apply to roughly 10,000 facilities.

According to the EPA, this new reporting system will provide a better understanding of where GHGs are coming from and will guide development of the best possible policies and programs to reduce emissions. The data will also allow businesses to track their own emissions, compare them to similar facilities, and provide assistance in identifying cost effective ways to reduce emissions in the future. This comprehensive, nationwide emissions data will help in the fight against climate change. More information on the new reporting system and reporting requirements can be found at the following link: http://www.epa.gov/climatechange/emissions/ghgrulemaking.html

7. FTA Proposes Changes to the Urbanized Area Formula Program

On September 30, the FTA announced proposed guidance, in the form of a circular, to assist grantees in implementing the Urbanized Area Formula Program (Section 5307). FTA is updating the existing circular, developed in 1998, to reflect changes in the law. Comments must be submitted by November

30, 2009. Comments identified by the docket number [FTA– 2009–0010] can be submitted by going to www.regulations.gov, and following the online instructions for submitting comments on the U.S. Government electronic docket site.

The notice, which describes the changes, can be found at http://edocket.access.gpo.gov/2009/pdf/E9-23584.pdf

The new proposed circular can be found at http://www.fta.dot.gov/laws/circulars/leg_reg_10624.html

8. CAFE Standards Announcement Made

In September, DOT Secretary LaHood and EPA Administrator Jackson proposed a rule establishing a far-reaching program to improve fuel economy and reduce GHG. The proposed program, drafted in consultation with representatives of the auto industry, covers model years 2012 through 2016. Automobile manufactures would be able to build a single, light-duty national fleet that satisfies all federal requirements, as well as California's and other states' standards.

The program includes miles-per-gallon requirements under the National Highway Transportation Safety Administration's (NHTSA) Corporate Average Fuel Economy (CAFE) Standards program, and the first-ever national emissions standards under the EPA's GHG program. The collaboration of federal agencies allows for clearer rules for automakers, instead of three standards — DOT, EPA and state standards. According to DOT and EPA, the program would:

- Increase fuel economy by about five percent every year;
- Reduce GHG emissions by nearly 950 metric tons;
- Save consumers $3,000 in fuel costs over the lifetime of a model year 2016 vehicle; and
- Conserve 1.8 billion barrels of oil.