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January 2010 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 January 2010

- Jobs Bill Update
- Summary of the State of the Union Address
- High Speed Rail Grant Announcement
- FY 2011 Budget Highlights
- Senator Dodd Announces Retirement
- Bay Area Meeting Updates

Jobs Bill Update

Before breaking for the holiday recess, the House passed a “jobs bill,” as reported in the December monthly report. That measure was primarily a placeholder for continued action. Passage of “Jobs for Main Street” on the House side now shifts action over to the Senate. While health care has been the primary focus of the Senate, Senate Majority Leader Harry Reid has signaled that the Senate will now focus on “jobs, jobs, jobs.” We suspect that there will be many differences between the House and Senate version, just like there was in last year’s Recovery Act. Another potential difficulty will be garnering the 60 votes needed in the Senate to overcome procedural hurdles. After stretching themselves to vote for health care, it is unclear whether moderate-conservative Democrats want to add to the deficit through jobs spending. Additionally, there has been talk of the Senate releasing a jobs-creation measure in February that would fund the highway trust fund (HTF) and extend SAFTEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) through December 2010. It is not clear if there will be funding for transportation infrastructure.

Summary of the State of the Union Address

President Obama delivered his first State of the Union address on January 27, 2010. As one of his first orders of business, the President called on Congress to pass a robust jobs bill. During this speech he raised his voiced in support for high speed rail investment, calling it “the infrastructure of tomorrow” and made several references to rebuilding America as a way to produce jobs.

High Speed Rail Grant Announcement

On January 28, President Obama announced the recipients of the Recovery Act High Speed and Inter-city Passenger Rail Grants. California was awarded a total of \$2.34 billion, with \$2.25 billion for California High Speed Rail, \$23 million for the Capitol Corridor and \$20 million for equipment upgrades across multiple corridors.

Route	Funding (in millions)
California High Speed Rail	\$ 2,250
San Diego-LA-San Luis Obispo (Surfliner)	\$ 51
Oakland-Sacramento (Capitol)	\$23
California-Multiple Corridors*	\$20
Total	\$2,340

*ARRA grants will fund upgrades of the trains' emissions control equipment

FY 2011 Budget Highlights

The U.S. Department of Transportation (DOT) budgeted \$79 billion for FY 2011 — a 2.4 percent increase over FY 2010. Budget highlights are listed below:

- *Infrastructure development*: \$4 billion for loans and grants in support of projects that provide significant economic benefit to the nation or region.
- *New Starts/Small Starts*: \$1.8 billion total. This includes three specific funding recommendations for the Bay Area:
 - \$20 million for San Francisco Central Subway LRT (recommendation for full funding grant agreement);
 - \$15 million for Oakland, East Bay BRT; and
 - \$15 million for San Francisco, Van Ness Avenue BRT.
- *High Speed Rail*: \$1 billion for High Speed Rail — in addition to the \$8 billion from the Recovery Act.
- *Livable Communities*: \$527 million for livable communities by establishing an Office of Livable Communities, creating a program (\$200 million) to improve local and state project planning and development capabilities, and funding programs (\$307 million) that expand transit access for low-income persons.
- *Safety*: Strong levels of investment for safety, including funding for additional safety personnel, auto assessment ranking systems, and \$50 million for combating distracted driving. Transit safety is budgeted at \$30 million and up to 260 positions to support the Obama Administration's Public Transportation Safety Program Act of 2009, which the Administration proposed to Congress last year to ensure a high and standard level of safety across all transit systems.

The U.S. Department of Housing and Urban Development (HUD) requested \$48.5 billion for FY 2011. Some budget highlights include *Livable Communities* funding, including \$150 million (of the \$4.4 billion budgeted to the Community Development Fund) to help stimulate comprehensive regional and community planning efforts that integrate transportation and housing investments to create more sustainable development patterns.

Cap and Trade Revenue Update: The President's budget plan last year assumed at least \$646 billion in revenue from 2012 to 2019 from the sale of allowances. The budget would have used some of the proceeds reserved for alternative energy research and development, and the rest to help fund a tax cut for middle-class families (Making Work Pay Credits). **No such estimate was offered in this year's budget.** Legislation to create such a system passed the House last year, only to stall in the Senate.

Senator Dodd Announces Retirement

Senator Chris Dodd (D-CT) announced his retirement earlier this month. As Chairman of the Senate Banking Committee, which has jurisdiction over transit, Senator Dodd's departure may have a significant impact on both the content and timing of the next federal transportation bill. Dodd has been a strong supporter of transit funding, specifically clean transport funding, and has

introduced — but has yet to pass — legislation that would formerly approve the Obama Administration’s Sustainable Communities effort and authorize transit-oriented development grants. He is a fundamental developer of National Infrastructure Bank legislation, which has yet to be introduced in the Senate this year.

He may try to push hard for a transportation bill this year to add to his legacy; however, financial regulatory reform is the top priority of the Obama Administration and Senator Dodd. His committee has jurisdiction over this issue and it will likely monopolize his time in 2010. Furthermore, Senator Dodd has been a standard bearer for health care reform, which may also take priority over transportation authorization.

Senator Tim Johnson (D-SD) is the next ranking Democrat in line to lead the Senate Banking Committee, but with speculations related to his health, as well as a number of other questions (that will be answered by the 2010 election), there is no assurance that he will be assuming that leadership role. Senators Harry Reid (D-NV) and Robert Menendez (D-NJ) have been cited as possible future chairmen.

Bay Area Meetings Update

During January 2010, we held a number of meetings, including:

- Meetings with Senator Diane Feinstein’s staff with Steve Heminger and Randy Rentschler about the Senate’s “jobs bill” and potential time-saving recommendations based on MTC’s experience in programming the ARRA (American Recovery and Reinvestment Act) stimulus funds. Follow up discussions with Senator Feinstein’s staff regarding these recommendations are on-going.
- Meetings and discussions with Rep. Barbara Lee’s staff, the Speaker’s office, and other Bay Area offices about the BART-Oakland Airport Connector project.
- A briefing, organized by GRI staff, during the Transportation Research Board (TRB) annual meeting for Randy Rentschler with the senior policy staff of the U.S. DOT regarding MTC’s performance measures in the Long Range Plan.
- The National Transportation Commissions and the Bi-Partisan Coalition held working meetings to finalize a joint statement on Congressional authorization of the Federal Surface Transportation program.

In addition, we continued working on refining the U.S. Conference of Mayors Metropolitan Mobility Authorization proposal with the assistance of MTC staff. The Mayor’s staff will submit this proposal to their Executive Committee next month. We were also asked by the Bay Area Council to assist with their February Washington, D.C. Delegation trip, their focus is in line with the Commission’s authorization principles. We also continue to organize all of the March Congressional Reception essentials, including working with the L.A. Chamber of Commerce and our Southern California transportation partners.