

GOVERNMENT RELATIONS, INC.

1050 17TH STREET

SUITE 510

WASHINGTON, DC 20036

(202) 775-0079

October 2010 Monthly Report for MTC

**To: Steve Heminger, Executive Director
MTC**

**From: Tom Bulger, President
Georgia Gann, Legislative Associate
GRI**

Re: Monthly Report for October 2010

- **Surface Transportation Authorization Update — 2010 Elections and Funding**
- **SMART Technologies for Communities Act**
- **TIGER II Announcements/Partnership for Sustainable Communities**
- **High Speed Rail**
- **October Meeting and Event Updates**

Surface Transportation Authorization Update — 2010 Elections and Funding

There has been no movement this month on surface transportation legislation in either Congress or with the Administration. On October 11, the President reiterated the importance of transportation infrastructure and referenced his support for a frontloaded \$50 billion investment followed by a multi-year transportation plan announced in September (see September 2010 report for details). Later, Transportation Secretary Ray LaHood indicated that the Administration would endorse a more specific 6-year plan early next year (February 2011). Meanwhile, Congress has been intently focused in the November midterm elections. The House and Senate recessed mid-October and will return for a lame duck session on November 15.

2010 Midterm Elections

The future of the transportation authorization legislation will be significantly impacted by these elections — pointedly the majority party will take the lead in drafting the legislation in congressional committees. The make-up of both the House and Senate committees involved in surface transportation authorization also is set to be significantly altered. Although the make-up will not be finalized until committee assignments are decided later this year, two significant shifts have occurred. First, the Republicans are now the majority in the House. The chair of the House Transportation and Infrastructure Committee is likely to be current Ranking-Member John Mica (R-FL). Current Chairman Jim Oberstar (D-MT), who drafted the \$600 billion House STAA bill, lost his seat to Republican challenger Chip Cravaack. This means that the Ranking Member position for the 112th Congress is open (likely to be filled by Peter DeFazio (D-OR), although Rep. Nick Rahall (D-WV) may also vie for the position). The implications of the make up of the next Congress will be discussed next month in greater detail.

Second, although the Democratic party retained the Senate, Senate committee memberships will be substantially different in the 112th Congress after taking into account Senate retirements, seat losses, and the committee party redistributions. This will have an effect on the size and priorities in the next federal surface transportation authorization legislation.

There are a number of pressing issues that need to be addressed during the lame-duck session. Among top priorities are Bush tax cuts and tax extenders and finalizing FY 2011 Appropriations. In a recent conversation with Ranking Member Mica's staff, we learned that this lame-duck session will likely see a sixth SAFETEA-LU extension through July 2011, at least (likely a six to nine month extension). The next opportunity for enacting a new authorization bill would be in the fall of 2011 — after that, we enter into the Presidential election season.

Funding

Although timing and content is uncertain, the discussion around funding for the long-term surface transportation authorization bill has been evolving. Ranking Member of the House Transportation and Infrastructure Committee John Mica has indicated support for replacing the current federal excise tax on gasoline and diesel fuel with a sales tax based upon the price of those fuels. His idea is conceptually on par with MTC Executive Director Steve Heminger's Gas Tax Swap proposal, which has been introduced to Congressional staffers and has gained some traction and attention in the transportation community (the proposals differ in specifics — Mr. Heminger's proposal includes additional safety mechanisms such as a funding "floor" and "ceiling" — but the basic mechanism is the same). In mid-October, the American Association of

State Highway and Transportation Officials (AASHTO) released their gas-tax option publicly, indicating that the current 18.4-cent gas tax would translate to an 8.4 percent per gallon tax on gasoline, and a 10.6 percent per gallon tax on diesel fuel, replacing the current 24.4-cent tax. This proposal would be initially revenue-neutral, helping to quell political opposition against raising taxes, but as the price of gasoline increases over time (as is projected), this would serve as a new revenue source to pay for at least a portion of the transportation authorization cost. Although the Administration has yet to comment officially, this concept has been a burgeoning topic of discussion in Congress and among transportation stakeholders in the past month.

SMART Technologies for Communities Act

In late September, ITS Caucus co-chairs Rep. Russ Carnahan (D-MO) and Rep. Mike Rogers (R-MI), introduced H.R. 6247, the Smart Technologies for Communities Act (co-authored by ITS America, which is chaired by MTC's Deputy Executive Director Ann Flemer). This is the first of a two-part initiative intended to provide resources for states and localities to deploy intelligent transportation systems (ITS) and operational strategies to manage their transportation system more efficiently.

The legislation would establish a competitive pilot program in up to six communities across the country to serve as model deployment sites for large-scale integration of ITS to improve safety, mobility, cost, and emissions reductions; and as a way to both measure and improve system performance. These “smart communities” would also serve as real-world test beds for research on transportation innovations. Each smart community will be required to establish clear performance objectives and report back to Congress on how their strategy is:

- Reducing traffic-related fatalities and injuries;
- Reducing traffic congestion and improved travel time reliability;
- Reducing transportation-related emissions;
- Improving access to transportation alternatives;
- Providing the public with access to real-time integrated traffic, transit, parking, and other multimodal transportation information;
- Providing cost savings related to operational efficiencies; and
- Providing other benefits to transportation users and the general public.

Because it is highly unlikely that there will be any movement on this bill this year, the sponsors are focusing on building support for their legislation and gathering feedback from stakeholders, with the goal of reaching consensus on Capitol Hill and across the transportation community before reintroducing the legislation in the next Congress. They also are working to finalize the second piece of the bill, which would provide dedicated funding to state and local agencies in order to improve system operations and deploy ITS technologies to solve critical transportation challenges. The second portion will be introduced during the lame duck session when Congress returns on November 15, or circulated in draft form until both sections are reintroduced as a package in the 112th Congress.

TIGER II

The grant recipients of the \$600 million of Transportation Investment Generating Economic Recovery (TIGER) II capital and planning grants were officially released by the U.S. Department of Transportation (DOT) on October 20, 2010. Applicants from all 50 states submitted nearly one thousand construction grant applications totaling over \$19 billion for the \$600 million TIGER II grants. DOT awarded 42 capital grants totaling \$560 million, and 33 planning grants totaling \$28 million; roughly 29 percent of TIGER II funding was for road projects, 26 percent for transit, 20 percent for rail projects, 16 percent for ports, four percent for bicycle and pedestrian projects, and five percent for planning projects.

TIGER II Capital Grants

In September, MTC worked with the San Francisco Bay Area delegation to send a letter of support for two projects seeking TIGER II Capital Grants: 1) the BART Hayward Maintenance Yard (facilitating the extension of BART to Silicon Valley); and 2) the East Bay Regional Parks District's Green Transportation Initiative. The District was awarded \$10.2 million for the Green Transportation Initiative. The initial project request was for \$24.5 million — the East Bay Regional Parks District will need to decide in what way to allocate the funding.

Other California capital grants included a \$20 million TIFIA loan for the Crenshaw/LAX Light Rail (this translates into \$546 million in credit to support the LA 30/10 initiative); \$16 million for the Port of Los Angeles; and \$10 million for San Bernardino Airport Access.

TIGER II Planning Grant/Sustainable Communities Challenge Grant

In addition to the TIGER II capital grant, the San Francisco Bay Area was awarded two TIGER II planning grants — with the \$2 million award to the Oakland Army Base project being the third largest grant recipient. The TIGER II planning grants were awarded alongside the Department of Housing and Urban Development's (HUD) Sustainable Communities Challenge Grants as part of the HUD/DOT/EPA Partnership for Sustainable Communities. The departments jointly awarded \$68 million to 62 local and regional partnerships to help support local planning (HUD Challenge Grants) and plan implementation (TIGER II Planning Grants) that facilitates the integration of affordable housing, job opportunities, and transportation corridors.

Below is a summary of the Bay Area recipients:

- HUD and DOT Planning Grants total for California: **\$5,999,740**
 - California TIGER II planning grants total for Bay Area: **\$3,097,240**
 - City of Oakland: Oakland Army Base Master Plan — \$2,000,000
 - San Mateo County: Grand Boulevard – Removing Barriers to Livable Communities — \$1,097,240
 - Other California planning grants — HUD Challenge Grants
 - Community Redevelopment Agency of Los Angeles — \$2.25 million
 - City of Santa Monica — \$652,500

TIGER Program: 2009-2011

The 2009 American Recovery and Reinvestment Act (ARRA) provided \$1.5 billion for the first round of TIGER projects. The program's intent was to spur a national competition for innovative, multi-modal, and multi-jurisdictional transportation projects that would provide significant economic and environmental impacts. The demand for the first round of TIGER grants was high, and the Appropriations Committees included funding for TIGER II in their FY 2010 Appropriations bill.

The Administration has indicated continued support for the program, citing the efficiency and accountability aspects as successes they will build on as they develop their authorization recommendations. Additionally, Transportation Secretary Ray LaHood said earlier this month that he was pleased that TIGER is included in both the House and Senate versions of the FY 2011 DOT Appropriations bills (note: the FY 2011 Appropriations bills have not yet been passed — see Continuing Resolution in September 2010 Monthly Reports); the Senate bill provides \$800 million, and the House bill provides \$400 million. It is likely that the program will be funded at a level somewhere between those dollar amounts for FY 2011.

High Speed Rail

On October 28, California received an additional \$902 million in federal dollars for high-speed rail and intercity rail projects — \$16 million is designated for the San Francisco Bay Area. Unlike the initial \$2.5 billion federal allocation announced earlier this year, the federal government designated these funds for specific projects. An exception to this non-designation was the \$400 million set aside for the Transbay Terminal project in January 2010.

Of the 18 projects, the bulk of the money — \$715 million — will go to high-speed rail in San Joaquin Valley; \$16 million is allocated to high-speed rail in the Peninsula for improvements to the existing Caltrain station at Fourth and King Streets in San Francisco. This money, according to DOT, is for reconfiguring tracks and signals, lengthening platforms, and remodeling the station to accommodate future high-speed rail service, which will extend to the planned Transbay Terminal.

Below is a complete summary of corridor investments from the DOT:

Central Valley HSR Corridor: \$715 million in FY 2010 awards to construct HSR track and install positive control technology in the Central Valley segment.

San Francisco-San Jose HSR Corridor: \$16 million to improve San Francisco's 4th and King Street Station to accommodate HSR service, and \$400 million in 2009 awards for Transbay Terminal.

California Statewide Rail: FY 2010 grants of \$100 million to the California Department of Transportation (Caltrans) for vehicle purchase, as well as \$1.5 million to complete the California State Rail Plan.

Pacific Surfliner Corridor (San Luis Obispo-Los Angeles-San Diego): \$30.1 million for planning and environmental studies from FY 2010 and remaining FY 2009 awards, and two additional FY 2009 awards of \$24.9 million and \$13.5 million to install technology and signal upgrades in San Diego County.

San Joaquin Corridor (Sacramento/Oakland-Bakersfield): \$300,000 for the completion of planning and environmental studies.

Capitol Corridor (Sacramento-San Jose): Prior ARRA investments are supporting upgrades to existing corridors.

The latest \$902 million award was part of the \$2.5 billion in investments announced by the DOT for their second round of high-speed intercity rail grants. The first \$8 billion of federal expenditures, announced in January 2010, came from the ARRA — the additional \$2.5 billion was appropriated from the General Fund in the FY 2010 budget. Although not yet finalized by Congress, the FY 2011 budget does not include funding for this mode of transportation.



Note: "1st Round" refers to Recovery Act & FY 2009 investments, announced in January 2010; "2nd Round" refers to FY 2010 & remaining FY 2009 investments, announced in October 2010.

October 2010 Meeting Updates

Congressman John Garamendi (D-CA)

We discussed MTC's priorities for the transportation authorization bill with Congressman Garamendi's staff on October 14, as well as a strategy for moving forward with the authorization process in the next Congress. Congressman Garamendi is the only Bay Area member on the House Transportation and Infrastructure Committee.

Congressman Mike Thompson (D-CA)

On October 19, we met with Congressman Mike Thompson's staff to discuss the SMART project and surface transportation authorization.

Congresswoman Lynn Woolsey (D-CA)

We met with Congresswoman Woolsey's new transportation staff on October 19. This meeting focused on explaining the work of the Commission and introducing MTC's priorities to the staff.

Energy and Climate Change Forum

On October 14, we attended an energy and climate change forum focused on the future of transportation and climate change policy. Speakers included members of the Joint Center for Political and Economic Studies, the Energy and Climate Change Coalition, representatives for the Mayors, the Bipartisan Policy Center, Transportation for America, and a number of congressional committee staff.