

December, 2013 Monthly Report for MTC

To: Steve Heminger, Executive Director
From: Tom Bulger, President GRI
Re: Monthly Report for December 2013
Date: December 29, 2013

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- Transit Benefit Cap to drop to \$130/month in January, 2014
- Tax Extenders to be Considered in Early 2014
- Examining the Current and Future Demands on FTA's Capital Investment Grants
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Budget Deal

On Wednesday, December 18th the Senate voted 64 to 36 in favor of a two-year budget agreement covers FY 2014 and FY 2015. The House of Representatives agreed to the budget agreement the previous week. The Appropriations committees will now proceed with individual bills to extend funding for government operations that currently ends on January 15, 2015.

Transit Benefit Cap to drop to \$130/month on January, 2014

Despite intense efforts to extend the transit benefit, in parity with the parking benefit, Congress failed to act before adjourning for 2013. Consequently, the transit benefit beginning in January, 2014 will drop from up to \$245/month to up to \$130/month while the parking benefit will increase to \$250/month.

Tax Extenders to be Considered in Early 2014

Before the Senate left Washington, DC, the Senate Finance Committee released a package of federal tax extenders that were briefly considered but rejected by the Republican minority. Included in the Committee's package is a one year extension of the transit benefit at parity with parking, that among a long list of other programs, is expected to be considered in early 2014.

Examining the Current and Future Demands on FTA's Capital Investment Grants

On December 11, the House Transportation and Infrastructure Committee held a hearing that examined the current and future demands on the Federal Transit Administration's capital investment grants. Chairman Tom Petri (R-WI) conducted the hearing and discussed the funding for the New Starts program along with how money was being allocated for projects currently under construction.

FTA Administrator, Peter M. Rogoff, stated that FTA's partners in the New Starts program (state transportation leaders and local transit providers) estimate that "transit-related construction on capital projects funded over the last two years alone will generate more than 165,000 good local jobs, while opening the door to many more new permanent jobs generated by new housing, commercial, and retail development that occurs alongside transit corridors." When asked why FTA has continually proposed to boost project funding, Rogoff said, "Maintaining a federal commitment to the nation's oldest rail transit systems in the most densely populated regions of the country is vitally important to keeping these major urban economies moving forward in a sustainable way during the 21st century."

Two other witnesses, Forrest Claypool from Chicago Transit Authority and Mayor Chris Coleman of St. Paul, Minnesota, had similar views regarding the importance of funding transportation and the New Starts program. Both stated that transit:

- Gives employers access to a broader labor market
- Provides workers with improved access to jobs
- Improves resiliency during economic downturns
- Increases regional productivity
- Is a catalyst for economic development

Claypool also discussed the importance of Core Capacity projects in the Chicago area and how previous experience with Core Capacity projects has proven that such projects are a cost-effective way to increase transit ridership and improve efficiency of transit services throughout the country. Mr. Rogoff also said that they are strong supporters of Core Capacity projects and that transit agencies from New York, Philadelphia, Washington DC, San Francisco, and Charlotte are also planning Core Capacity projects.

Most of the Committee members voiced their support for funding the New Starts program and programs such as Core Capacity projects. Rep. Grace Napolitano (D-CA) posed a question as to

whether or not transit agencies should be penalized for not completing their projects on time. In response, Mr. Rogoff said that they are currently looking at reasons why projects aren't completed on time. Rep. Napolitano (D-CA) also expressed concern about the dissolving Highway Trust Fund and how that would affect funding for the New Starts program. Mr. Rogoff stated that it would be nearly impossible to keep funding levels up if the Highway Trust Fund is running on fumes and that much of the burden would be placed on local and state governments to fund their own projects.

Witnesses who attended the hearing:

- Peter M. Rogoff, Administrator, FTA
- Forrest Claypool, President, Chicago transit Authority
- Greg Hughes, Chairman of Board of Trustees, Utah Transit Authority
- Chris Coleman, Mayor, St. Paul, Minnesota
- Randal O'Toole, Senior Fellow, Cato Institute

Congressional Public Transportation Caucus Report

On December 4th, we attended a Congressional Public Transportation Caucus meeting on Capitol Hill, conducted by Rep. Michael Grimm (R-NY) and Rep. Daniel Lipinski (D-IL). During the meeting, the Caucus provided an APTA report titled, "The Role of Transit in Support of High Growth Business Clusters in the U.S." The report was authored by Darnell Grisby, Director of Policy Development and Research at APTA, with help from Chandler Duncan and Glen Weisbrod of EDRG. The report provided summaries of current and forecasted economic and traffic conditions for eight employment clusters around the country, including downtown San Francisco and Silicon Valley. The assessment of each cluster highlights (1) the importance of the cluster to U.S. and regional economic competitiveness, (2) the ways in which commuting accessibility is increasingly challenged by highway capacity limitations, and (3) the potential for transit to support the ongoing contribution and growth of the cluster. In some cases two clusters from within the same metropolitan area (San Francisco and Silicon Valley) were selected to illustrate the competitive role of transit between urban and suburban clusters in the same region.

The San Francisco cluster illustrates how location dynamics are shifting in the current generation-with firms coming to the labor force instead of labor moving where the firms are located. Since many successful entrepreneurs have one foot in Silicon Valley and the other in San Francisco, firms such as Google and LinkedIn operate free shuttle buses.

Link to Caucus Report:

<http://www.apta.com/resources/reportsandpublications/Documents/TransitHighGrowthClustersUS-Final2013-1124.pdf>

APTA Legislative Meeting on December 5th

On December 5th, we attended the APTA Legislative Meeting on recommendations on Federal Public Transportation Authorizing Law. With only minor changes, APTA passed their legislative proposal on Federal High-Speed and Intercity Passenger Programs, with the blessing of over a hundred transit agency representatives from around the country. Included in APTA's proposal

was their “Investment Requirements” methodology statement, which included a \$22.2 billion annual federal assistance program and the collaboration with partners to maintain the 80/20 highway/transit split on federal transportation spending.

During this meeting, APTA also stated their principles for surface transportation authorization:

- Authorizing a federal public transportation program that provides predictable funding for no less than six years to accommodate the development of long-term, major capital investments needed to bring existing public transportation infrastructure facilities into a state of good repair.
- Establishing a dedicated Trust Fund funding mechanism that supplements existing dedicated revenues to ensure the long-term sustainability of growing federal public transportation and highway programs through and beyond the next long-term authorization bill.
- Preserve existing dedicated revenues that go to the Mass Transit Account of the Highway Trust Fund and increase revenues to the Mass Transit Account which are dedicated to the federal public transportation program.
- Preserve a strong federal program for public transportation and oppose efforts to devolve existing federal surface transportation programs.
- Create funding resources and programs that support growing investment in intercity and high-speed passenger rail in ways that complement efforts to increase investment in public transit and other surface transportation needs.
- Preserve and enhance current state and local flexibility under federal surface transportation programs funded by the Highway Trust Fund.

On December 6th, the APTA Board of Directors approved the recommendations made by the APTA Legislative Committee.

Senator Baucus to be U.S. Ambassador to China

President Obama will soon formally nominate Senator Baucus (D-MT) to be U.S. Ambassador to China.

Comings and Goings

John D. Porcari is stepping down as DOT Deputy Secretary to join Parsons Brinckerhoff (PB) as Senior Vice President.

Meetings

We attended a USDOT meeting with Melanie Crotty (MTC) concerning the formulation of a Vehicle to Infrastructure (V to I) Working Group.