

April, 2014 Monthly Report for MTC

To: Steve Heminger, Executive Director
From: Tom Bulger, President, GRI
Re: Monthly Report for April 2014
Date: May 2, 2014

- **President Obama Releases Four-Year Surface Transportation Authorization Proposal**
- **Visit to MTC**
- **P3 Hearing in House T&I Committee**
- **TIGER 6 Applications Support**
- **Transit Benefit Extension Passes Senate Finance Committee**
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**President Obama Releases Four-Year Surface Transportation
Authorization Proposal**

After nearly six years in office the President has sent to the Congress the GROW AMERICA Act, a four-year surface transportation authorization proposal. The proposal was released on April 29 with little fanfare. It calls for \$302 billion of spending over a four-year period. Funding the President's proposal is problematic. The Administration is relying on existing federal transportation excise taxes, e.g. gas tax, more General Fund subsidy and, most difficult to predict, a one-time infusion of revenue from a corporate tax overhaul.

Many in Congress are suggesting the need for a potential short-term fix while the search for a way to pay for long-term transportation spending can be enacted. To keep the Highway Trust from running out of money through the end of the calendar year, it will take at least \$7-\$10 billion in General Fund transfers. Moreover, the USDOT estimates that the Highway account of the Trust Fund will be out of cash by this August.

The President's proposal would extend the existing federal transportation excise taxes through September 30, 2020. The proposal would create a "new" Transportation Trust Fund which would include the Highway Account, Mass Transit Account, Rail Account and the Multi-Modal Account.

Highlights of the Administration's proposal include:

- Creation of a High-Performance Tier of Metropolitan Transportation Organizations (MPOs). Designation as a high-performance MPO would qualify the MPO for sub-allocation of additional federal highway funding from the Surface Transportation Program (STP), the Transportation Alternatives Program (TAP) and from the Metropolitan Mobility Program.
- Creation of a new infrastructure vulnerability and resilience assessment requirement to the state and MPO planning process.
- A new Transportation Connectivity Pilot Program for up to 10 large MPOs.
- A new Freight Infrastructure Investment Program at \$10 billion over four years. \$5 billion would be distributed through a two-tiered incentive grant program to states as long as the state has a freight advisory council, a freight plan and collaborates with neighboring states to determine needs. The other \$5 billion and any unused money from the state incentive program would be available through a discretionary competitive grant program for freight projects across all freight modes.
- The TIGER Program would be codified and be funded at \$5 billion over four years. In addition, up to 10 percent of TIGER funding for planning is proposed.
- The proposal's elimination of the prohibition on tolling existing free Interstates for reconstruction, with an allowance to use toll revenue for improving public transit in the Interstate corridor, is likely to be very controversial.
- The President's proposal would provide \$72 billion for public transportation, almost a 70 percent increase over this fiscal year. Public transit funding would increase the bus and rail state-of-good-repair backlog. In addition, the intercity rail program would receive \$19 billion over four years. The Bus and Bus Facilities formula program would have a discretionary program that existed prior to MAP-21. A new discretionary capital investment program for emerging needs of rapidly growing areas is recommended. Demand-response service operations in large UZAs would have access to FTA Section 5307 for operating assistance.
- The Federal Highway Program would receive \$199 billion over the proposal's four-year period, a 22 percent increase over current spending levels.
- The Intelligent Transportation Systems Research Program would be increased from \$100 million a year to \$113 million in FY 2015 and to \$120 million a year in FY 2018. The President's plan would continue the Technology and Innovation Deployment Program at \$70 million in FY 2015 and to \$74 million in FY 2018.

- In the Research area, the proposal calls for a new Cooperative Freight Program, continues the University Transportation Consortia Program and would create a priority multi-modal research program.

Visit to MTC

From April 15-18, I was in the Bay Area and had several meetings with the MTC staff. I was able to tour the new Bay Bridge Eastern Span and the under-construction new office building in San Francisco. Finally, I was interviewed by Mr. Mark Jones, video journalist, at Yerba Buena Island, with the SAS in the background.

P3 Hearing in House T&I Committee

On April 8, I attended a P3 hearing at the House T&I Committee. The hearing explored the strengths and weaknesses of the Canadian P3 model. The take-away from the hearing was how major projects' "Risk" is determined and calculated. For example, P3s have as much as 49 percent higher costs versus traditional construction projects because of the transfer of "Risks."

TIGER 6 Application Support

In April, we provided Congressional Delegation support to the Bay Area's recent TIGER 6 USDOT project applications.

Transit Benefit Extension Passes Senate Finance Committee

On April 3, the full Senate Finance Committee reported out a bill that would extend the 55 tax provisions that were affected or expired on December 31, 2013. Senator Charles Schumer (D-NY) was able to insert the transit benefit in the bill. The provision would make the transit benefit the same as the parking benefit, or up to \$250/month in 2014 and 2015. The House Ways and Means Committee has just begun deliberations of the tax extenders.

Meeting

Luncheon meeting with Rep. Tom Petri (R-Wisc.) and Chairman of the Highway and Transit Subcommittee of the House T&I Committee. Mr. Petri has announced his retirement from the House of Representatives next year. I was able to thank him on behalf of MTC for all his great work.

Coming and Going

Mr. Robert E. Skinner, Executive Director of the Transportation Research Board (TRB), has announced his retirement. Bob is a great friend and a big supporter of MTC. He has always attended our Congressional reception.