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January 2007 Monthly Report for MTC

To: Steve Heminger, Executive Director
MTC

From: Tom Bulger, President
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Re: Monthly Report for January 2007

Date: February 1, 2007

- **Monthly Activities**
 - Swearing-in of the new Congress
 - Washington MTC meetings
 - National Surface Transportation Policy and Revenue Study Commission
 - Testimony before House Transportation & Infrastructure Committee
 - Briefing for Senate Environment and Public Works Committee on Global Warming and the Bay Area's Transportation System
 - Annual Congressional Reception Update
 - USDOT Urban Partnerships and Congestion Pricing
- **110th Congress Convenes**
- **President Delivers State of the Union**
- **House Passes Joint Resolution Funding Government For Remainder of FY 2007**
- **Federal Highway Administration Announces Request for Funding Applications**
- **House and Senate Hearings**

Monthly Activities

Swearing in of the New Congress – On January 4, 2007 Tom Bulger attended the historic swearing in ceremony for Nancy Pelosi, the nation's first female Speaker of the House. The ceremony in the House Chamber was exceptional, especially the picture of Speaker Nancy Pelosi and her grandchildren. Prior to this event, the Speaker-elect held a wonderful brunch at the Library of Congress.

Mr. Bulger was also able to attend Senator Barbara Boxer's swearing in event as Chair of the Senate Environment and Public Works Committee. Senator Boxer unveiled plans to conduct committee hearings on global warming and climate change.

Washington MTC Meetings – On January 16, 2007, Steve Heminger and Randy Rentschler were in Washington, D.C. one day prior to Mr. Heminger’s National Surface Transportation Policy and Revenue Study Commission meeting. Meetings were held with the advocates for Highway Safety, the House Transportation and Infrastructure majority and minority staff, Speaker Pelosi’s staff, Rep. Lofgren’s staff and finally meetings with newly elected Congressman Jerry McNerney and Congresswoman Ellen Tauscher. Additional meetings with Congressional staff were set up for Mr. Rentschler for January 17th and 18th.

In the meeting with the House Transportation and Infrastructure majority staff, Mr. Heminger was asked to testify before the committee on January 24th (see story below).

National Surface Transportation Policy and Revenue Study Commission Meeting – On January 17th and 18th Tom Bulger accompanied Mr. Heminger to the transportation study commission meeting. The commission received briefings on inter-city rail and Amtrak, the future role of US freight railroads, and a vision of the nation’s trucking industry. The highlight of the commission meeting was a presentation and vision on metropolitan mobility by Mr. Heminger.

The commission wrapped up their January meeting with a discussion of their upcoming field hearings in Los Angeles and discussion of the day trips to Atlanta and Las Vegas.

Testimony before the House Transportation & Infrastructure Committee – On January 24, 2007 Mr. Heminger testified before the House Transportation and Infrastructure Committee concerning the key issues facing the national transportation study commission. Mr. Heminger was accompanied by Jack Schenendorf, vice-chairman of the commission. The main issues before the commission at this point are restoring metropolitan mobility, reducing the number of traffic deaths, meeting the needs of international trade and interstate commerce, global warming, and how to deal with the possibility that the Highway Trust Fund may go broke by FY 2009.

Briefing for Senate Environment and Public Works Committee on Global Warming and the Bay Area’s Transportation System – On January 24, 2007 we met with the staff of Senate Environment and Public Works committee on global warming. Fifty percent of the Bay Area’s greenhouse gas emissions are a result of transportation. This was news to committee staff who said that transportation makes up about 15% of the world’s emissions. We discussed what Senator Boxer intends to do in future legislation including much of California’s Pavley legislation.

Finally, Mr. Heminger pointed out and recommended a number of strategies for consideration including fuel-efficient cars/trucks/freight, smarter driving, less driving, regulations i.e., incremental federal gas tax increases and CO2 offsets.

Annual Congressional Reception – Plans are well underway for the annual congressional reception and meetings. We are again involving our state partners for the reception which will be from 5:30pm-7:30pm on Tuesday March 13, 2007 in the House Transportation and Infrastructure Committee room.

During January the necessary activities have been executed. We also requested clarification from the ethics committee regarding the reception and received a positive response since the event is not 'sit-down' and is widely attended.

USDOT Urban Partnerships and Congestion Pricing – On January 25, 2007 I attended a briefing on DOT's urban partnership initiative dealing with combating congestion and congestion pricing ideas. Representatives from Stockholm, London, Germany, Singapore, and Norway discussed how these areas deal with congestion pricing.

DOT discussed their recently launched urban partnership program and their estimate of the amount of federal funding available. We will continue to follow this activity and brief MTC staff.

110th Congress Convenes

In January the 110th Congress convened and hit the ground running. House Democrats set forth an ambitious agenda for the month of January successfully passing six pieces of legislation in the first 100 legislative hours. The 'campaign' known as the 100 hour campaign was six legislative initiatives that democrats campaigned on: lobbying reform, a minimum wage increase, elimination of tax credits for oil companies, college tuition assistance, health care cost adjustments, and a resolution urging implementation of the 9/11 commission findings. The House also organized and vowed to work '5 days a week'. In the past few years the House only met for legislative business from Tuesday evening through Thursday afternoons. Democratic leadership has said that the House will routinely meet Monday evenings through Friday afternoons.

The Senate also hit the ground running, passing lobbying reform in the first two weeks of the session. The Senate is currently in its third week of debating a minimum wage bill. The Senate, to the chagrin of the House, has added small business tax breaks to the minimum wage bill.

President Delivers State of the Union

On January 23rd, 2007, President Bush delivered his State of the Union Address, and for the first time since he was elected, President Bush made reference to the need for a reduction in the amount of gasoline consumed by Americans. In his address, President Bush outlined a plan to reduce gasoline consumption in the United States by 20% over the next 10 years. Aspects of the plan include updating CAFE standards (Corporate Average Fuel Economy), promoting alternative fuels, and directing \$175 million to the Department of Transportation's 'Congestion Relief Initiative'. Core parts of that initiative include expanding telework, congestion pricing, increased transit options, and engaging employers to allow flex scheduling. The proposal and speech with met with guarded optimism and also a bit of skepticism.

House Passes Joint Resolution Funding Government For Remainder of FY 2007

Last year the Republican led Congress was only able to complete 9 of 11 of the appropriation bills (Homeland Security and Defense were the 2 that were passed). Instead of wasting several weeks and possibly months trying to pass the remaining bills, House and Senate Democrats decided to pass a 'joint resolution' extending funding through the rest of FY 2007, mostly at FY 2006 levels.

On January 31, 2007 the House took action and passed the joint resolution, H.J. Res. 20. The joint resolution was introduced on the House floor and no amendments were allowed. There were also no earmarks whatsoever in the legislation, to the chagrin of many in Washington.

Below are details of the joint resolution as well as next steps:

Summary of H.J. Res. 20:

For the most part programs were authorized at FY 2006 levels, listed below are programs that received funding greater than what was appropriated in FY 2006:

Transportation:

After a great deal of effort and lobbying, the House honored SAFETEA-authorized funding levels for highways and transit. There was some thought that the House would fund FHWA and FTA at FY 2006 levels in order to make sure that the Highway Trust Fund would stay solvent through FY 2009. Below are the funding levels:

FHWA:	\$39.1 billion, an increase of roughly \$3.5 billion
FTA:	\$8.975 billion, an increase of roughly \$470 million
AMTRAK:	\$1.294 billion (same as FY 2006)

There was also a rescission of \$3.471 billion in contract authority. It should also be noted that the New Starts program received \$1.566 billion under the joint resolution. Language in the legislation indicates that the FTA administrator has discretion over the New Starts program and that only projects authorized by Section 3043 (a)-(c) are eligible for funding. This is important to note, as it opens the door for funding a number of projects in the region. Of the \$1.566 billion authorized for New Start and Small Start projects in SAFETEA, FTA has requested specific amounts for projects with an FFGA or pending or proposed FFGA projects for all but \$301.86 million of the total. If FTA determines to fund FFGA projects first, this would mean that Small Starts and any remaining New Start projects would divide the balance. Of the \$900 million authorized for the bus and bus facilities program, \$454 million is already earmarked by SAFETEA, which leaves \$446 million available to FTA to distribute through a discretionary grant process. There was no word as to when FTA would begin the competitive grant process.

FHWA has already begun a competitive grant process for four of the discretionary programs at its disposal, Interstate Maintenance discretionary program, Public Lands,

TCSP, and Ferry Boat discretionary program (see story below). Deadline for submitting projects is March 30th, and project applications will only be accepted from state DOTs.

Next Steps

The current extension runs through February 15th, 2007. The Senate is currently working on legislation to increase the minimum wage and will next turn its attention to a non-binding resolution opposing troop increases in Iraq. The Senate will then turn its attention to the FY 2007 appropriations. Senate leadership hopes to take quick action on the bill, however, Senate procedures will allow for amendments and as such, there will likely be need for a conference. It is expected that a conference would be swift and that both bodies would be able to pass the 'conferenced resolution' before the current deadline expires.

Federal Highway Administration Announces Request for Funding Applications

House and Senate Democrats announced in December their plan to complete the 9 remaining FY 2007 appropriation bills when the 110th Congress convened. Instead of completing the legislation in regular order, an agreement was made to offer a joint resolution (H.J. res.), which would fund the federal government for the remainder of FY 2007. It was decided that no earmarks would be included in the H.J. res. With this understanding, the Federal Highway Administration (FHWA) released 'solicitation for projects' for a number of FHWA discretionary programs, specifically: Interstate Maintenance (IM) Discretionary Program; Transportation, Community, and System Preservation (TCSP) Program; and Ferry Boat (FB) Discretionary Program; Public Lands Highways Discretionary (PLHD) Program.

All applications must be submitted by State Departments of Transportation; however, there may be an acceptance for regional and local bodies wishing to apply for TCSP funds. Attached are summaries of each program:

- * It should be noted that anticipated funding availability was based on the assumption that Congress would pass a H.J. Res. Using FY 2006 funding figures, however, it appears that Congress will honor SAFETEA funding authorizations, so there may be more funding available than anticipated.

*** FHWA may accept TCSP funding applications from local governments if a state DOT supplies any resistance. TCSP statute states that funds should be allocated to State and local governments. There are those who are currently arguing to DOT that despite the fact that DOT 'traditionally works with state DOTs' they should not exclude local governments from directly submitting project requests.

Interstate Maintenance Discretionary Program

Anticipated funding available: \$86.13 million
Deadline for submission: March 30, 2007
FHWA contact: Larry Beidel (Larry.beidel@dot.gov)

Federal Share Federal share of the costs for any project eligible under this program is 90 percent. However, the federal share is 80 percent on projects, or the portion of projects, for work involving added single-occupancy vehicle lanes to increase capacity

Project Eligibility Funds are available for resurfacing, restoring, rehabilitating and reconstructing work, including added lanes, on the Interstate System. However, not eligible for allocation of IMD funds are projects on any highway designated as a part of the Interstate System under section 139 of 23 U.S.C., as in effect before the enactment of TEA-21, and any toll road on the Interstate System not subject to an agreement under section 119(e) of 23 U.S.C., as in effect on December 17, 1991. Also not eligible are projects on any highway added to the Interstate System under section 103(c)(4) of 23 U.S.C. and section 1105(e)(5)(A) of ISTEA.

A state is eligible to receive an allocation of IMD funds if it has obligated or demonstrates that it will obligate in the fiscal year all of its IM funds apportioned under section 104(b)(4) of 23 U.S.C. other than an amount which, by itself, is insufficient to pay the federal share of the cost of a project for resurfacing, restoring, rehabilitating and reconstructing the Interstate System which has been submitted by the state to the Secretary for approval.

The applicant must be willing and able to obligate the IMD funds within 1 year of the date the funds are made available, apply the funds to a ready-to-commence project, and in the case of construction work, begin work within 90 days after obligation.

Selection Criteria Priority consideration shall be given to any project the cost of which exceeds \$10 million on any high volume route in an urban area or a high truck-volume route in a rural area. FHWA notes that the following criteria are also considered in the evaluation of candidates for this program: leveraging of private or other public funding; state priorities - for states that submit more than one project, consideration is given to the individual state's priorities; expeditious completion of project - preference is also given to requests that will expedite the completion of a viable project over requests for initial funding of a project that will require a long-term commitment of future IMD funding; transportation benefits that will be derived upon completion of the project.

Additional information <http://www.fhwa.dot.gov/discretionary/imdsol.htm>
Project Application <http://www.fhwa.dot.gov/discretionary/imdapp.doc>

Transportation, Community, and System Preservation Program

Anticipated funding available: \$51,893,325

Deadline for submission: March 30, 2007

FHWA contact: Kenneth Perry (Kenneth.Perry@dot.gov)

Federal share: Federal share of the costs for any project eligible under this program is 80 percent. Local match can be soft.

Project Eligibility: Funds may be used to carry out eligible projects to integrate transportation, community, and system preservation plans and practices that: improve the efficiency of the transportation system of the United States; reduce the impacts of transportation on the environment; reduce the need for costly future investments in public infrastructure; provide efficient access to jobs, services, and centers of trade; examine community development patterns and identify strategies to encourage private sector development.

Eligibility is broadly defined as a project eligible for assistance under Title 23 or Chapter 53 of Title 49 or any other activity the Secretary determines to be appropriate to implement transit-oriented development plans, traffic calming measures, or other coordinated TCSP practices.

Selection Criteria: The Secretary of Transportation will make grants for projects from states, metropolitan planning organizations, local governments, and tribal governments, with priority consideration given to projects that: have instituted coordinated preservation or development plans that promote cost-effective investment and private sector strategies; have instituted other TCSP polices such as those addressing high-growth areas and urban growth boundaries; address environmental mitigation, and; encourage private sector involvement.

FHWA has not established regulatory criteria for the selection of TCSP projects; however, FHWA notes that the following criteria are also considered in the evaluation of candidates for this program: expeditious completion of project; state priorities - For states that submit more than one project, consideration is given to the individual state's priorities; Leveraging of private or other public funding; Amount of TCSP funding - The requested amount of funding is a consideration.

Additional information: <http://www.fhwa.dot.gov/tcsp/gasolicitation.html>
Project Application <http://www.fhwa.dot.gov/tcsp/gagrantapp.html>

Ferry Boat Discretionary Program

Anticipated funding available: \$27,371,500

Deadline for submission: March 30, 2007

FHWA contact: Pete Jilek (Pete.Jilek@dot.gov)

Federal share: Federal share of the costs for any project eligible under this program is 80 percent.

Project Eligibility: This program is for the construction of ferryboats and ferry terminal facilities. Funds are available for construction/improvement to ferry boats or ferry boat terminals where: it is not feasible to build a bridge, tunnel, combination thereof, or other normal highway structure in lieu of the use of such ferry; the operation of the ferry shall be on a route classified as a public road within the state and which has not been designated as a route on the Interstate System-projects under this subsection may be eligible for both ferry boats carrying cars and passengers and ferry boats carrying passengers only; such ferry boat or ferry terminal facility shall be publicly owned or operated or majority publicly owned if the Secretary determines, with respect to a majority publicly owned ferry or ferry terminal facility, that such ferry boat or ferry terminal facility provides substantial public benefits; the ferry does not operate in international waters except for: Hawaii, Alaska, any territory of the United States, and between a state and Canada.

Selection Criteria: The Secretary shall give priority in the allocation of funds under this section to those ferry systems, and public entities responsible for developing ferries, that: provide critical access to areas that are not well served by other modes of surface transportation; carry the greatest number of passengers and vehicles; or carry the greatest number of passengers in passenger-only service.

FHWA has not established regulatory criteria for selection of FBD projects; however, in its annual solicitation, FHWA notes that the following criteria are also considered in the evaluation of candidates for this program: expeditious completion of project; state priorities; leveraging of private or other public funding; amount of FBD funding; national geographic distribution of funding within the FBD program

Additional information: <http://www.fhwa.dot.gov/discretionary/fbdsol.htm>

Project Application: <http://www.fhwa.dot.gov/discretionary/fbdapp.doc>

Public Lands Highways

Anticipated funding available: \$78,000,000

Deadline for submission: March 30, 2007

FHWA contact: Larry Beidel (Larry.Beidel@dot.gov)

Federal share: Federal share of the costs for any project eligible under this program is 100 percent.

Project Eligibility: Funds are available for “any kind of transportation project eligible for assistance under title 23 that is within, adjacent to, or provides access to” federal lands or facilities. Funds are available for transportation planning, research, engineering, and construction of the highways, roads, and parkways, and of transit facilities within the federal public lands. Funds are also available for operation and maintenance of transit facilities located on federal public lands.

Eligible projects under the PLH program may also include the following: transportation planning for tourism and recreational travel, including the National Forest Scenic Byways Program, Bureau of Land Management Back Country Byways Program, National Trail System Program, and other similar federal programs that benefit recreational development; adjacent vehicular parking areas; interpretive signage; acquisition of necessary scenic easements and scenic or historic sites; provision for pedestrians and bicycles; construction and reconstruction of roadside rest areas, including sanitary and water facilities; other appropriate public road facilities such as visitor centers as determined by the Secretary.

Selection Criteria: The only statutory criterion is “The Secretary shall give preference to those projects which are significantly impacted by federal land and resource management activities that are proposed by a state that contains at least 3 percent of the total public land in the United States.” The following eleven states have at least 3 percent of the federal public lands in the United States: Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, and Wyoming.

FHWA has not established regulatory criteria for selection of PLHD projects; however, in its annual solicitation, FHWA notes that the following criteria are also considered in the evaluation of candidates for this program: equitable distribution of funding among the states; leveraging of private or other public funding; expeditious completion of project; amount of PLHD funding; state priorities; special or unique federal public lands transportation needs; provided that the designated projects meet the statutory eligibility criteria for the program.

Additional information: <http://www.fhwa.dot.gov/discretionary/plhcurrsol.htm>

Project Application: <http://www.fhwa.dot.gov/discretionary/plhcurrsol.doc>

House and Senate Hearings

In January, there were three hearings held by the House and Senate pertaining to transportation, below are brief summaries of those hearings:

Senate Banking Committee Holds Hearing on Transit Security – The Senate Banking, Housing, and Urban Affairs Committee held a hearing January 18, 2007 on transit security. New Committee Chairman Chris Dodd (D-CT) pledged to continue bipartisan efforts on transit security issues and urged support from the House. The hearing focused on the needs of security investments and training for U.S. transit systems. Dannell Malloy, Mayor Stamford, CT, testified on behalf of the US Conference of Mayors (USCM), outlining four aspects of the USCM's plan for transit security. The four points are 1) a flexible, federal grant program; 2) federal security funding without local and state match requirements; 3) direct funding of transit systems as opposed to competitions for statewide security funding; and 4) funding for security research and technology. Other witnesses include William Millar, President of APTA, Warren George, President of the Amalgamated Transit Union, Aurelio Rojo Garrido, Operational Director of Metro Madrid, and Tim O'Toole, Managing Director of Transport for the City of London.

We have met with Senate Banking Committee staff and they have indicated a desire to reintroduce transit security legislation this year and are seeking MTC's comments. We will work with MTC staff and committee staff on this request. As a side note, DHS has issued a federal register notice related to transit security:

DHS Infrastructure Protection Program

The Department of Homeland Security has announced nearly \$445 million in grants for FY 2007 to assist states and localities with securing ports, transit systems and other parts of the national infrastructure deemed most vulnerable to terrorist attacks. Funding will be distributed to cover five areas: intercity bus security, trucking security, transit security, port security, and buffer zone protection. Eligible applicants are broken down into two categories, Tier 1 and Tier 2, based on a number of factors including size and risk. All applications are due by March 6, 2007.

The complete guidance can be found at:

http://www.apta.com/government_affairs/safetea_lu/documents/dhs_07_guidance.pdf

House Transportation Infrastructure Committee Holds Hearing Oversight Hearing on Transportation System – The House Transportation & Infrastructure Committee held its first oversight hearing on the status of the federal transportation system. Steve Heminger, MTC Executive Director, testified at this hearing on behalf of the transportation study commission. The purpose of the meeting was to receive testimony on the capacity of our nation's surface transportation system and the challenges and changes it will face 30 to 50 years into the future. The hearing will be the first of a series of hearings focusing on forward-looking surface transportation infrastructure issues.

Senate Environment and Public Works Committee Holds Hearing on Global Warming – In advance of Senate and committee action the Senate Environment and Public Works Committee held a hearing on global warming seeking input from members of the committee and other Senators. A wide variety of suggestions and proposals were made and the committee vowed to consider each of them. This will be the first in what we assume to be a number of hearings on this issue.