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February 2007 Monthly Report for MTC

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

**From: Tom Bulger, President
Jason Pavluchuk, Associate
GRI**

Re: Monthly Report for February 2007

Date: March 1, 2007

- **Urban Partnership Agreement Meeting**
- **Bay Area New Start/Small Start Delegation Letter**
- **Congress passes FY 2007 Continuing Resolution**
- **President Releases FY 2008 Budget Proposal**
- **Staff Moves**

MTC Monthly Report

Urban Partnership Agreement Meeting

In February, we continued to pursue how best we could apply for the Department of Transportation's recently announced Urban Partnership Agreement program. This initiative was announced by the Bush administration on December 8, 2006; applications are due April 30, 2007. The goal of this new program is to select 1-3 metro areas to partner with DOT to address congestion using DOT outlined techniques, tolling, transit, telework, technology (ITS). Federal funding will be available to areas that are selected and are 'first in line' for other post of federal funding. (i.e., value pricing pilot program, ITS research funds).

On February 22, 2007 we attended a meeting with senior DOT staff and MTC staff to discuss the program. The purpose of the meeting was to gauge what DOT really expects from applicants. In our opinion, DOT thinks that metro areas with a lot of congestion will embrace congestion charging programs and will initiate them by 2009 regardless of potential political consequences.

Currently, MTC staff is capturing all of the details from recent meetings and discussions to determine next steps.

Bay Area New Start/Small Start Delegation Letter

In February, a Bay Area delegation letter was circulated concerning FY 2008 Federal Transit Appropriations for the new start and small start projects in the region. These include FY 2008 New Start funding of \$15 million for the San Francisco Municipal Transportation Agency's 'Third Street Light Rail Transit Phase 2/Central Subway', \$15 million in small starts funding for the Alameda/Contra Costa County Transit District 'Telegraph Ave./International Blvd./East 14th Street Bus Rapid Transit project and support for the Bay Area Rapid Transit extension to Silicon Valley.

Currently, Speaker Pelosi (D-CA) and Congresswoman Barbara Lee (D-CA) are spearheading the effort to secure the delegation's support in the House. We will next turn to securing support from Senator Boxer (D-CA) and Senator Feinstein (D-CA).

Congress Passes FY 2007 Continuing Resolution

On February 15th, the Senate finally approved H. J. Res 20, the 'FY 2007 Appropriation Continuing Resolution' and thus averted a government shutdown and extended funding of the Federal government at FY 2006 levels, however, there were some exceptions. Specifically, the H.J res. 20 handles transportation in the following way:

Transportation:

After a great deal of effort and lobbying, the House and Senate honored SAFETEA authorized funding levels for highways and transit. 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, this 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. \$454 million of the \$900 million authorized for the bus and bus facilities program is already earmarked by SAFETEA. This leaves \$446 million available to FTA to distribute through a discretionary grant process. No word as to when FTA will begin the competitive grant process

FHWA has already begin 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 (Summaries were included in the January monthly report). Deadline for submitting projects is March 30th, and project applications will only be accepted from State DOTs.

President Releases FY 2008 Budget Proposal

On Monday February 5, 2007 President Bush unveiled his FY 2008 budget proposal. The budget increased non-defense discretionary programs by a little over 1%. The budget submitted totaled \$2.9 trillion and was immediately met by a skeptical Congress. Aid to State and local governments were among the many cuts. The President's budget would reduce aid to state and local governments by \$3.6 billion.

Below are some highlights of the proposal:

FHWA – The President's budget would fully fund SAFETEA commitments, at \$39.5 billion, however. The President's budget would under obligate some accounts like CMAQ and STP, while over obligating others. It is unlikely that Congress will go along with these shifts. Below are funding levels for key programs:

National Highway System (NHS) -- \$5.7 billion
Surface Transportation Program (STP) -- \$6.0 billion
Interstate Maintenance (IM) -- \$4.7 billion
Bridge Program -- \$4.0 billion
CMAQ -- \$1.6 billion
Highway Safety Improvement Program -- \$1.0 billion

The President also rescinded obligation authority from ISTEA High Priority Projects not yet complete and used to funds to allocate \$175 million addition dollars for the congestion relief initiative.

FTA – The President's budget would cut FTA programs by \$309 million below the \$9.7 billion guaranteed for FY 2008 by SAFETEA. The New Starts and Small Starts program receives the brunt of the cuts. (Small Starts cut \$100 million, New Starts cut \$200 million).

Formula and Bus Grants --- \$7.872 billion
 Urbanized Area Programs--\$5.8 billion
 Bus/Bus Facility -- \$928 million
 Non-urbanized Area Formula -- \$506 million
 JARC -- \$156 million
 Elderly and Individuals with Disabilities -- \$127 million
 Planning -- \$107 million
 New Freedom -- \$87 million
 Clean Fuels Grant Program -- \$49 million

Transit in the Parks -- \$25 million

Capital Investment Grants -- \$1.4 billion

Transit Security -- \$46.6 million

AMTRAK – The FY 2008 budget includes \$800 million for AMTRAK.

Staff Moves

- * Sherry Little leaves Senate Banking Committee – Sherry Little, Republican Senate Banking Committee Director, has left the committee and will become Deputy Administrator at FTA.

- * Ron Grimes, Congressman Lantos's long time Legislative Director is leaving. Ron Grimes, will become the Chief of Staff for Congressman Timothy Ryan (D-OH).