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To: Celia McAdam
From: Federal Advocates
Subject: April 2012 Monthly Report

Highway Bill

On April 18, the full House debated and passed HR 4348, a bill to extend current highway and transit programs by through September 30 that will be used as a "shell" bill to go to conference with the Senate's $109B two-year surface transportation reauthorization bill, MAP-21. The bill also includes approval of the Keystone pipeline and the RESTORE Act related to restoration of the Gulf Coast. The bill passed **293-127**.

During the floor debate, the House approved an amendment to include some of the environmental streamlining provisions from HR 7, the original House five-year reauthorization bill, so that the House will not have to go to conference with the Senate without some policy provisions to negotiate. Earlier in the week, it seemed likely that significantly more HR 7 policy provisions would be added to the new "shell" bill, such as program consolidation and performance measures, but that did not occur.

During the floor debate, House T&I Committee Chairman John Mica agreed to send a letter to Speaker Boehner asking him to immediately name House conferees and expedite the start of a conference with the Senate to develop a final bill. The Democratic leaders of the T&I Committee agreed to sign the letter. Conference could start as early as next week.

On April 17, OMB issued a Statement of Administration Policy (SAP) on the new House bill. The Administration strongly opposes HR 4348 and is threatening to veto the bill over the Keystone pipeline provision because it "circumvents a longstanding and proven process for determining whether cross-border pipelines are in the national interest by mandating the permitting of the Keystone XL pipeline before a new route has been submitted and assessed."

On March 14, by a vote of 74-22, the Senate passed its version of the highway bill – S. 1813, the “Moving Ahead for Progress in the 21st Century Act” (MAP21).

The Senate's measure would spend $109 billion over about two years. It would increase the amount of money available for states by raising current spending levels to take into account inflation over the past several years. That's still far short of the dollars that two congressional commissions have said are needed to maintain aging highways, bridges and rail systems while expanding the Nation's transportation network to accommodate population growth between now and 2050.

The measure would reduce the number of Federal transportation programs by roughly two-thirds in an effort to eliminate duplication. The Senate bill preserves bicycle, pedestrian, safe routes to schools and rails-to-trails programs, targeted for elimination by Republicans, under a compromise that means they would have to compete with other programs for money.

For transit commuters, the bill would extend, back to Jan. 1, a tax break that allows the deduction of up to $240 a month tax-free from their paychecks for expenses incurred traveling to work. That had expired at the end of 2011.

On the safety front, the bill would require stricter federal oversight of the long-distance and tour bus industries through deadlines for buses to have seat belts, stronger roofs, anti-ejection windows and rollover crash avoidance systems. The bus industry carries about 750 million passengers a year, roughly the same as the domestic airline industry.

Other safety provisions include requiring that automakers provide rear seat-belt reminder systems to get children and other backseat passengers to buckle up, and testing child safety seats in frontal and side impact crashes.

The bill would reward states with extra safety money if they require graduated licenses for teenage drivers, permit police to pull over and ticket drivers for seat-belt and booster-seat violations, and mandate that convicted drunken drivers use ignition-lock devices.

A credit assistance program championed that helps leverage private investment for transportation projects of national and regional significance would grow by tenfold to $1 billion. In the past, the program has generated as much as $30 in private capital for every $1 in aid.

The measure will preserve or create 2.8 million jobs, the bill's sponsors said.

One thing the bill would not do is resolve how to keep the Federal Highway Trust Fund solvent beyond next year. The largest sources of money for the Fund, which pays for highway and transit programs, are Federal fuel taxes: 18.4 cents a gallon for gasoline and 24.4 cents a gallon for diesel. Revenue from those taxes has declined since the economic downturn in 2008 and because the fuel efficiency of cars and trucks is increasing.

The bill would pay for highway programs through a combination of fuel taxes, cuts to other Federal programs and tax changes, but also would drain the Trust Fund. Some senators have criticized provisions that are supposed to pay for transportation programs since they would raise about $10 billion over 10 years, but spend it in the first two years.

The bill does not include any earmarks. It does provide increased funding for the TIFIA program, which would allow the government to provide up to $10B for direct loans, loan guarantees and lines of credit for projects. It also authorizes for appropriation $1B in FY13 for major projects of national and regional significance, which meet certain eligibility and criteria requirements. A new National Freight Network Program is also included to provide funding for projects to improve regional and national freight movement. Lastly, the bill includes various program reforms designed to reduce project delivery time and cost while protecting the environment.

To review, PCTPA is seeking Federal funding for the following in SAFETEA-LU reauthorization: under Projects of National and Regional Significance through Congressman Herger and Senators Feinstein and Boxer for the Placer Parkway, $25M; and via High Priority Project funding through Congressman McClintock for the I-80/SR65 Interchange Improvement, $4M. A letter of support for the Parkway project was sent to the congressional delegation on behalf of Placer County, PCTPA, Sutter County, and the Cities of Roseville, Rocklin, and Lincoln.

TIGER V

On April 18, the Senate Appropriations Committee approved a $53.4 billion transportation appropriations bill that includes $500 million (with $120 million reserved for projects in rural communities) for a Tiger V program.

While there is a good chance that this funding will be approved by the full Senate, it's not clear when that will happen. Most observers predict that Congress will punt the 2013 bill into a post-election lame duck session. Under that scenario, USDOT funding would be extended into the 2013 fiscal year (which begins October 1), likely at current year funding levels.

The House has opposed continuation of the TIGER program but the Senate was able to prevail and keep the program in the 2012 appropriations process.

This will come as good news to many communities and public agencies that have applied for and not received a TIGER grant. The first three TIGER programs received nearly 2250 applications requesting more than $95 billion; USDOT awarded 172 projects to split the $2.6 billion approved by Congress.

D.C. Meetings

On Tuesday, April 24, Board Chairman, Tom Cosgrove, and Executive Director, Celia McAdam, with Federal Advocates met with staff of the Agency's congressional delegation, specifically Chris Tudor (Congressman McClintock), Ben Kramer (Senator Feinstein), and Anne Clement (Senator Boxer). The purpose of the meetings was to brief staff on the Agency's Federal Legislative Program for 2012. On behalf of PCTPA, we continue to lobby the Congress per the Agency's 2012 priorities.

FY13 Transportation Appropriations Bill

In addition to all of the activity on the surface transportation reauthorization bills, Congress has begun to act on the FY'13 federal agency appropriations bills. On April 19, the full Senate Appropriations Committee voted to approve the FY'13 THUD (DOT) annual funding bill. The bill was marked up in subcommittee on Tuesday. Typically, the House passes its version of the appropriations bill first, but it appears the House will not act on the DOT bill until late May or early June.

The Senate DOT appropriations bill includes:

FHWA - $39.1B for the highway obligation limitation, the same as FY'12

FTA - $10.4B for the total transit program including $2.04B for the New Starts/Small Starts program, a $89M increase over FY'12, and $8.36B for the formula grant program, the same as FY'12.

FAA - $3.35B for the Airport Improvement Program (AIP), the same as FY'12

Amtrak - $1.45B, the same as FY'12, although less than the $1.55B the Administration requested and the $2.17B Amtrak requested

High Speed Rail - $100M, there was no money appropriated for HSR in FY'12

TIGER V - $500M, the same as FY'12, with $120M of that amount reserved for projects in rural communities

HUD - $50M for the Sustainable Communities Initiative, there was no money appropriated for this program in FY'12

There are no project earmarks in the bill.

While congressional leaders have indicated they expect both the House and Senate to pass most, if not all, the annual appropriations bills out of the respective bodies, it is unclear if the bills can be reconciled in conference before the end of the fiscal year on September 30 or before Congress adjourns in early October for the elections. It is likely that many federal agencies will have to be funded under a Continuing Resolution (CR) until Congress meets after the elections in a Lame Duck session.

Federal Grants

With the potential shift of project funding from the appropriations process (Capitol Hill) to the grant selection process (agencies), the Firm works aggressively to proactively pursue Federal discretionary and non-discretionary grant opportunities. In doing so, the Firm has created a sophisticated grant research. The Firm monitors grant announcements from all 26 Federal agencies (over 1,000 individual grant programs) and provides a nexus between a grant opportunity and a potential City project. Once a grant opportunity has been identified, the Firm utilizes a proven strategy that allows the client to engage several key Washington, D.C. contacts to support a specific grant request. In doing so, the Firm has successfully secured over $200 million in discretionary and non-discretionary Federal agency grant funding for its clients.