



PB Washington Update

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Congress has less than three weeks left before the week-long July 4 recess. The current focus is on health care reform, climate change and the FY'10 appropriations process.

ARRA/Stimulus Implementation:

The Federal Railroad Administration recently completed a series of regional workshops on the development of the guidelines and criteria for the \$8B ARRA high-speed rail/intercity passenger rail discretionary grants. FRA hopes to formally unveil the guidance in advance of next week's June 17 deadline. Copies of various handouts and presentations from the workshops are available [here](#).

A number of updated reports/summaries are now available on the status of state and local implementation of ARRA transportation funding. They include reports by [US DOT](#), the [House T&I Committee](#) (including state by state and project by project data) and [ARTBA](#). The ARTBA report indicates that a total of \$13.1B of ARRA highway funds have been obligated as of May 31, almost 49 percent of the \$26.8B of ARRA highway funds apportioned or allocated to date and well over the \$9.3B required to be obligated within 120 days of the recovery bill. Thirty-six states have already paid contractors \$69.4M for construction work performed and the Administration estimates this number to reach \$5.5B by September 30.

Congress is currently in final negotiations on the FY'09 supplemental appropriations bill. Although the bulk of the funding in the bill is for the DOD war effort, the Senate version of the bill includes a provision to permit transit agencies to use up to 10% of their ARRA transit formula funds for operating assistance. This provision is expected to be included in the final version of the funding bill.

Surface Transportation Reauthorization:

It appears that the aggressive schedule to introduce and pass a surface transportation authorization bill previously outlined by House T&I Committee Chairman Jim Oberstar (D-MN) is being stretched out.

Oberstar plans to issue a series of white papers on key issues relating to reauthorization next week. He has been meeting with various House members to brief them on his proposals. He still hopes to hold a subcommittee mark-up before the start of the July 4 recess which begins on June 26. At the subcommittee level the bill will not include any project earmarks or program funding levels. Full committee mark-up and floor action will not occur until after the Ways & Means Committee acts on the funding issues.

This is a much more drawn-out schedule than Oberstar had been pushing for, although probably more realistic. The big unknown remains the Ways & Means Committee. The committee may hold a hearing in late June on the broad issue of infrastructure financing, but anything more specific on the Trust Fund has been pushed back until July. The Ways & Means Committee has stated that it intends to address major legislative proposals in the areas of health care and climate change before it focuses on the infrastructure financing challenges. As a result, Oberstar's bill appears to be in flux until other congressional stakeholders are prepared to make tough decisions on funding.



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To further complicate matters, Chairman Oberstar recently said that he would not support a temporary extension of the authorization bill. While this serves to keep the pressure on Congress to keep moving forward on identifying financing options and drafting a bill, it seems fairly clear now that Congress will not be able to complete a bill by September 30 and letting the program expire would undermine the importance of infrastructure funding in creating jobs and stimulating the economy. It is possible that the FY'10 DOT Appropriations bill could become a vehicle for an extension of the surface transportation programs, perhaps for as long as one year.

However, some action on the Highway Trust Fund will have to take place this summer given the recent estimates that once again the Highway Account of the Trust Fund will run out of money before the end of the fiscal year, likely in late July/early August. Between \$5B and \$7B is estimated to be needed to shore up the Trust Fund solely for the remainder of FY'09. At a recent hearing, US DOT Secretary Ray LaHood indicated the Trust Fund would need an additional \$8-\$10B to get through FY 2010 at current levels of investment. The Secretary said he believes any sort of General Fund fix must be paid for with new revenues or spending cuts elsewhere in the federal budget, including potentially other DOT programs. However, such a "pay for" will be extremely difficult to accomplish given the tight budget and growing deficit. At the hearing LaHood again expressed his opposition to a federal motor fuels tax increase and instead recommended public-private partnerships and tolling.

An Administration interagency group comprised of representatives from DOT, HUD, EPA and DOE have been meeting to develop a set of authorization principles. Their efforts are expected to focus on a multi-modal approach that emphasizes the links between transportation and the environment, affordable housing, sustainability and livable communities. On June 16 the heads of the four agencies are expected to testify at a Senate Banking Committee hearing on "Greener Communities: New Ideas for Sustainable Development and Economic Growth".

Yesterday the Bipartisan Policy Center's National Transportation Policy Project released its report – "Performance Driven: A New Vision for US Transportation Policy", its recommendations for transforming federal surface transportation policy and reauthorization. A copy of the report and recommendations are available [here](#).

FY'10 DOT Appropriations:

The House DOT Appropriations Subcommittee does not plan to introduce or mark-up its version of the FY'10 DOT Appropriations bill until after the July 4 recess. The tentative House schedule calls for subcommittee action on July 15, full committee on July 21 and floor action on July 28. The House typically marks-up its bill in mid-June, but they are getting a late start because they are still working on the FY'09 supplemental bill and they did not receive the Obama Administration budget until early May. Full Committee Chairman David Obey (D-WI) still hopes to get all the House appropriations bills through the House floor by the August recess.

The Senate has not yet announced a schedule for its version of the bill, but given that Congress will be on recess most of August, it may not act until September, making it very difficult to complete a bill by October 1. It is possible that the FY'10 DOT Appropriations bill could end up being the vehicle for a short-term extension of the SAFETEA-LU authorization legislation.



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Climate Change:

Congress continues to work on climate change legislation. The Waxman Markey bill, HR 2454, has the strong support of the House leadership, but very limited, if any, Republican support. While Section 222 of the bill establishes a number of new transportation planning requirements, there is no funding for the new provisions or any allowances/revenue for the transportation industry. Sixty-five House members recently signed a letter to House T&I Committee Chairman Jim Oberstar asking him to address the issues of energy security and climate change in the surface transportation authorization bill.

In the Senate, Tom Carper (D-DE) and Arlen Specter (D-PA) have introduced a bill, S. 575, called CLEAN-TEA, which authorizes federal funding for states and MPOs to develop plans to reduce greenhouse gas emissions. Their goal is to have the provisions of this bill incorporated in whatever climate change legislation is drafted by the Senate.

Political Appointments:

A number of new political appointments have been announced recently. Those that require Senate confirmation include:

Polly Trottenberg has been nominated to be US DOT Assistant Secretary for Transportation Policy. Polly currently serves as Executive Director of Building America's Future, a national bipartisan coalition that supports U.S. infrastructure investment. Prior to that she served in the U.S. Senate for 12 years where she worked for Senators Barbara Boxer (D-CA), Chuck Schumer (D-NY) and Daniel Moynihan (D-NY).

Ann Ferro has been nominated to be the Federal Motor Carrier Safety (FMCSA) Administrator. She is currently the President of the Maryland Motor Truck Association and previously was Maryland's Motor Vehicle Administrator.

In addition, Victor Mendez, former head of Arizona DOT, had his Senate confirmation hearing to be FHWA Administrator on June 2. There were no objections raised and the full Senate is expected to act soon to approve his nomination.

Those that do not require Senate confirmation include:

Therese McMillan has been named as FTA Deputy Administrator. She is currently the Deputy Executive Director for Policy with the San Francisco MTC.

David Kim has been named as US DOT Deputy Assistant Secretary for Government Affairs. He is currently Deputy Executive Officer for Federal Advocacy & Government Relations for Los Angeles MTA.

Cathy St. Denis has been named as FHWA Associate Administrator for Public Affairs. She was previously with several public relations firms including Burson-Marsteller and Widmeyer Communications.