



DECEMBER 8, 2008

Congress is once again back in session this week for another short, post-election session primarily to develop a plan to rescue the US auto industry. Then Congress is expected to adjourn until January 6 when the new 111th Congress will be sworn in. Congress typically adjourns after that until after inauguration day, but given the magnitude of the issues facing the country, they plan to stay in session straight through January 20 working on an economic stimulus bill and finalizing the FY'09 appropriations bills.

Economic Stimulus Bill:

As the economy keeps on declining and unemployment numbers rise, Congress is continuing to pull together what is likely to be a massive economic stimulus bill. Work is currently going on behind the scenes with the goal of completing a bill between January 6 and inauguration day so that President Obama could sign the bill on Day 1. Others say that is overly ambitious and having a bill completed by the February 16 Presidents' Day recess is more likely.

As the economic problems grow, so has the potential size of a stimulus bill, with infrastructure funding remaining the cornerstone of the government's effort. It now appears probable that the bill will be drafted to include two phases – an immediate phase similar to what was proposed in September with infrastructure funding being targeted at “ready to go” projects – highways, transit, airports, water, high speed rail, Amtrak, etc. that can create jobs quickly. The number of days within which the funds would have to be obligated appears to range from 120 to 150 to 180 days. There will likely be some requirement that funds not spent within a given time frame be redistributed – particularly highway funds.

As previously reported, this initial funding will likely be 100% federal funds that will be disbursed through the existing highway STP formula program and the transit Section 5307 formula program. It is unclear if the existing STP suballocation to metropolitan areas will be allowed. The US Conference of Mayors and other groups are advocating for more funding to go directly to metropolitan areas rather than through the state DOTs. No project earmarks are expected to be included in the short-term bill.

Less clear is how potential longer term funding may be allocated and implemented. With the sense that it may take several years for the economy to fully recover from the recession, attention is now being given to providing additional infrastructure funding, including funding for public buildings, schools, green technology, projects promoting energy efficiency, etc. that would help stimulate and grow the economy over the long term. What might potentially be included in this portion of the bill is very uncertain at this time. However, rumors are running rampant that it could include everything from a gas tax increase, to high speed rail bonds, another Highway Trust Fund “fix” and even a one-year interim SAFETEA-LU authorization. In addition, there is speculation that some earmarked projects of national significance could be included in the longer term part of a stimulus bill.

While no one is yet certain what the eventual size of the total stimulus bill, or even the infrastructure piece will be, the nation's governors recently told President-elect Obama that the states have \$136B in ready to go infrastructure projects. APTA has surveyed its members and has identified at least \$8B in ready to go projects and \$32B in longer term needs over one to two years. On Friday, AASHTO released a statement and chart (see attached) showing over \$64B in more than 5,000 ready to go highway projects



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with additional state DOT needs for transit, airport, and rail projects. The US Conference of Mayors today announced they have identified over 11,000 ready to go infrastructure projects worth \$73.2B.

At this point, beyond a near-universal agreement that some immediate form of infrastructure funding is needed to spur job creation, most of which would involve construction, not engineering or design work; it is very difficult to predict what a longer term stimulus bill might entail. As rumored total funding levels jump from \$700B to \$900B and more, the second phase of the stimulus bill appears to becoming a vehicle for every industry groups' "wish list". As a result, the final bill could end up imploding under its own weight or on the other hand, become, as some are suggesting, the greatest infrastructure bill since the creation of the interstate program.

FY'09 Appropriations Bills:

In late September Congress passed a massive multi-agency FY'09 Continuing Resolution (CR) to fund all domestic federal programs through March 6, 2009 since they were unable to complete action on full-year individual agency bills prior to the election. The CR funded programs at the previous, and often lower, FY'08 funding levels and did not include any earmarks for highway, New Start or bus projects.

With the election now over, congressional staff is working feverously to draft an omnibus FY'09 appropriations bill which would extend through the end of the fiscal year -- September 30. The goal is to get the bill through Congress during early January and have it ready for President Obama to sign immediately after inauguration day. The effective date will likely be the date of signature and therefore will supersede the current March 6 expiration date of the CR. Funding for US DOT and other infrastructure programs will be included in the omnibus bill. Appropriations staffs are currently in the process of negotiating funding levels and project earmarks, particularly for transit New Start projects.

Obama Transition:

President-elect Obama is moving very quickly to put his new Administration in place having named his national security and economic teams. Next will likely be some domestic agency appointments following this week's nomination of New Mexico Governor and former rival Bill Richardson for Commerce Secretary. There are not currently many rumors about nominees for US DOT Secretary and many of those who were under early speculation have indicated they are not in the running. One name that is getting a lot of attention is Steve Heminger, the current Executive Director of the San Francisco Metropolitan Transportation Commission (MTC). He recently served on the SAFETEA-LU Revenue and Policy Commission, is close to Speaker Pelosi and is a champion of metropolitan mobility issues.

The US DOT transition team, as well as teams for other federal agencies, continues to meet with various stakeholder groups. The DOT group, headed by Mort Downey, has met with key congressional committee leaders, senior DOT modal administrators and various industry groups, including AASHTO, ARTBA, APTA, ACEC, AGC, etc. The transition teams will shortly begin to compile policy recommendations for Obama's senior staff. The agency transition teams do not have responsibility over personnel decisions.

Other News:

New Amtrak CEO – The Amtrak Board recently named current FRA Administrator Joe Boardman to serve a one-year appointment as President & CEO of Amtrak. Prior to his tenure at FRA, which began in 2005, Boardman served as commissioner of the New York State Department of Transportation for eight years.



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Deputy FRA Administrator Cliff Eby has been named Acting Administrator of FRA for the remainder of the Administration.

Senate High Speed Rail Bill - On November 19, Senators John Kerry (D-MA) and Arlen Specter (R-PA) introduced a bill (S. 3700), the High Speed Rail for America Act of 2008, which builds upon the high speed rail provisions in the Amtrak authorization bill. The bill would authorize more than \$23B, on top of the \$1.5B in the Amtrak bill, to continue work on the 11 designated high speed rail corridors. The money would come primarily in the form of bonds - \$8B over six years in tax-exempt bonds and \$15.4B in two types of newly created bonds - \$10B over 10 years for super-high-speed intercity rail facility bonds and \$5.4B over six years for new rail infrastructure bonds.

Since the 110th Congress is now over, this bill will have to be re-introduced next year. It is unclear at this point if the House will introduce a similar bill, and since the bill, even if passed, is only an authorization bill, any federal funding would still have to be appropriated. The bonding authority and creation of the new types of bonds will have to be approved by the congressional tax-writing committees.