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JTAC STAFF REPORT

SUBJECT: Federal Legislative Program

MEETING DATE: February 2, 2017

AGENDA ITEM: 7

STAFF CONTACT: Gregg Hart

RECOMMENDATION:

Receive report from SBCAG's federal lobbyist, Don Gilchrest, on federal transportation issues and approve SBCAG's federal legislative agenda for 2017.

SUMMARY:

Staff has been working with SBCAG's federal lobbyist, Thomas Walters and Associates, to develop SBCAG's 2017 federal legislative program and strategy that will assist in guiding efforts to obtain discretionary federal funding for high priority transportation projects in Santa Barbara County and to influence federal legislation to protect SBCAG's interests. Maintaining a robust federal legislative program is consistent with the Board's Measure A Strategic Plan goal to aggressively pursue outside matching funds to complete Measure A project commitments and meet the region's transportation needs. SBCAG Board approval of the 2017 draft federal legislative agenda will authorize staff, Board members and our lobbyist to continue efforts to lobby for SBCAG's interests in Washington.

DISCUSSION:

In 2016, Congress failed to successfully move any 2017 appropriations legislation and instead passed continuing resolutions that maintain funding levels until April 28, 2017. Earlier this year, the House and Senate Appropriations Committee were successful in moving individual funding bills (including transportation funding) out of committee. Funding levels in the legislation generally follow the blueprint laid down in the FAST Act, which was enacted in late 2015 to reauthorize federal surface transportation programs and include modest increases for highways and transit. Final decisions about Department of Transportation funding levels will not be made until late spring.

President Trump has nominated Elaine Chao as Secretary of Transportation, who is generally seen as a conventionally conservative, rather than a revolutionary pick, to head the agency based on her record of previous federal government service.

The Trump Administration is proposing to spend \$1 trillion on various infrastructure projects over 5-10 years. Very little is known about the details of this proposal, other than that the plan will be revenue-neutral and will rely heavily on tax credits and private sector investment. One plan that has received some attention is to utilize repatriated overseas corporate earnings, public-private partnerships and bonding as a way to support a \$550 billion transportation infrastructure program.

On January 31st, senior Senate Democrats plan to unveil their own \$1 trillion plan to revamp the nation's airports, bridges, roads and seaports. The Democrats infrastructure plan would rely on direct federal spending and would span a range of projects including not only roads and bridges, but also the nation's broadband network, hospitals run by the Department of Veterans Affairs and schools. The Democrats 10-year blueprint will include \$75 billion for schools, \$210 billion for roads and bridges, \$110 billion for aging water and sewer systems, \$180 billion for expanded rail and bus lines, \$70 billion for deeper ports and upgraded airports, \$100 billion for an updated electrical grid, \$10 billion for veterans hospitals, and \$20 billion for broadband installations. The plan also includes \$200 billion for unspecified "vital infrastructure projects" and \$10 billion for an infrastructure bank to "unlock" private capital by providing loan guarantees or low-cost loans.

The Highway Trust Fund is projected to be solvent until the expiration of the FAST Act in 2020, due to the infusion of \$70 billion that was transferred to the Fund from a variety of offsetting "pay-fors," providing the additional funding needed for the five years of the bill. However, the FAST Act still does not provide a permanent solution to the Highway Trust Fund's recurring shortfalls, and the revenue deficit will actually increase in the next reauthorization bill. It would be unusual for Congress to address this type of problem before it becomes a crisis, but the infrastructure and tax reform debates expected this year will provide unusual opportunities to modify or add to the Trust Fund.

A number of the important issues identified in SBCAG's federal legislative program were successfully addressed in the five-year federal transportation reauthorization legislation (FAST Act) approved in late 2015 including: preserving the flexibility of Surface Transportation Program funds, maintaining the Transportation Alternatives Program and protecting SBCAG's eligibility for MPO planning revenue with increased funding.

SBCAG again pursued funding for the US 101 HOV Lane Widening project through the 2016 TIGER discretionary grant program. Unfortunately, competition for these funds was very competitive and SBCAG's project was not selected by the federal Department of Transportation for a TIGER grant. Funding for TIGER Grants in FY 2017 will not be finalized until Congress completes the transportation appropriations bill in April.

According to our federal lobbyist, the single most important aspect of SBCAG's federal legislative strategy is the fact that all the local agencies in Santa Barbara County remain united in support of the 101 HOV Widening Project as the region's highest transportation priority. Members of Congress and Senators receive numerous worthy project requests from their constituents. As they weigh these many requests for support, one of the major factors they will take into account is the extent and degree of support for the project from other entities in the region and the State. In 2010, the SBCAG Board requested that each local agency in Santa Barbara County express support for the 101 project in the form of letters or adopted resolutions from the cities and county. All of the local agencies either passed resolutions or sent letters in support of this effort. The SBCAG delegations that have gone to Washington used this unified support for the 101 HOV project as the focus of their lobbying effort in the Capitol. For maximum impact, however, other local jurisdictions should also include the project as part of their 2017 federal legislative agendas and indicate specifically that it is their highest regional transportation priority. They should also

discuss the project as part of their federal legislative agenda when they meet with members of our Congressional delegation. Identifying the 101 HOV Widening Project as the highest regional priority does not preclude local agencies from seeking discretionary funding for local priorities.

The legislative strategy prepared by our lobbyist also indicates the importance of SBCAG members continuing to meet with our congressional representatives, committee staff and Department of Transportation staff to communicate our priorities. SBCAG's federal lobbyist recommends these meetings again be scheduled in Washington, D.C. to provide timely input on both the appropriations process and to communicate issues of concern to assist federal legislators in the beginning of the transportation reauthorization process. For the past six years, a delegation of SBCAG Board members and staff have attended these meetings that will be arranged with the assistance of our federal lobbyist.

ATTACHMENTS:

1. Draft SBCAG 2017 Federal Legislative Platform
2. 2017 Federal Legislative Update from Don Gilcrest, Thomas Walters & Associates, Inc.

Draft SBCAG 2017 Federal Legislative Platform

Issue	Goal	Strategy
<p>1. Federal funding for SBCAG's priority projects</p>	<p>Aggressively pursue funds through the annual Federal Appropriations process, the multi-year Federal Transportation Reauthorization process, or any other federal sources.</p> <p>Raise awareness of the Highway 101 Corridor and its importance as a transportation facility of state and national significance.</p> <p>Include 101 through the Central Coast in National Freight Network</p>	<p>Work with the SBCAG's federal lobbyist, SBCAG member agencies, our federal congressional delegation and local community leaders and organizations to aggressively advocate at the federal level for funding to complete projects promised to Santa Barbara County voters in the Measure A Investment Plan.</p> <p>Educate our congressional delegation and funding agency partners about the Highway 101 Widening project's funding needs, timing and schedule. Work with the Central Coast Coalition and Caltrans to raise awareness of the importance of 101 and its need for improvements as one of only two north-south interregional corridors in the state.</p> <p>Advocate to the US Department of Transportation that the entire length of the US 101 through the Central Coast be included in the National Freight Network to ensure eligibility for 101 under the new National Highway Freight Program and Nationally Significant Projects Program.</p>
<p>2. Augment Transportation Funding Sources</p>	<p>Seek an increase in transportation revenues to address unmet funding needs for maintenance, repair, operation and improvement of the transportation system</p>	<p>The federal gas tax was last increased to its current 18.4 cent per gallon rate in October of 1993. Since then, the purchasing power of the federal gasoline excise tax has been reduced by more than 50% because of inflation. National transportation infrastructure investment has dipped precipitously over this time to the point where federal gas tax revenue is not sufficient to fully fund the Highway Trust Fund.</p> <p>Support legislation to raise new user-fee based revenue sources to bring the Highway Trust Fund into balance. This could include adoption of an increase in the gasoline user fee to fund highway and local street and road repairs. The federal gasoline user fee should also be indexed to inflation to prevent the erosion of its purchasing power.</p>

Issue	Goal	Strategy
<p>3. Maintain Existing Flexible Federal Funding Sources</p>	<p>Protect Flexibility of Surface Transportation Program Funds</p> <p>Ensure that new federal performance measures are not overly prescriptive or restrict SBCAG access to federal funds.</p> <p>Increase MPO Planning funds</p>	<p>Surface Transportation Program Funds are one of the very few federal funding sources that are flexible in their use. This flexibility is very important to SBCAG and its local agency partners. Work with the Central Coast Coalition, and other partners to protect the flexibility of this funding as the new Surface Transportation Block Grant Program is implemented.</p> <p>Protect against overly prescriptive or burdensome new federal regulations. Work with the Central Coast Coalition, and other partners to retain full access to federal transportation funds and compliance with new regulations is not burdensome.</p> <p>MPO PL funding was stagnant under MAP-21 despite increased requirements, but was recently increased slightly in the FAST Act. Work to further increase PL funding.</p>
<p>4. Passenger Rail</p>	<p>Provide passenger rail commuter service connecting Ventura and Santa Barbara counties.</p> <p>Support full funding of the Passenger Rail Reform and Investment Act (PRRIA) of 2015</p> <p>Maintain and increase funding for inter-city passenger rail in the LOSSAN North Corridor</p>	<p>Work cooperatively with Federal Railroad Administration, Caltrans Division of Rail, Amtrak, LOSSAN and Union Pacific Railroad to provide passenger rail commuter service connecting Ventura and Santa Barbara counties.</p> <p>Work with our federal legislators to fully fund Amtrak and the Intercity Passenger Rail Programs in the FAST Act. Make sure funds are available for local rail capital projects and work to ensure that federal high speed rail program funds are also available for regional connector rail corridors like the Pacific Surfliner corridor in Santa Barbara County.</p> <p>Work with Caltrans District 5 to develop LOSSAN North Corridor Improvements NEPA document to increase viability of federal grant applications for rail improvements. Support legislative efforts to stabilize and even increase funding for passenger rail capital improvements and operating costs.</p>

Issue	Goal	Strategy
4. Passenger Rail	Seek appointment of another California representative to the Amtrak Board	Three years ago, the U.S. Senate approved the appointment of California Transportation Commissioner, Yvonne Burke, to the Amtrak Board. Work with our federal legislative delegation, LOSSAN, and other state partners to continue to advocate for appointment of another Californian on the Amtrak Board.

REPORT

Thomas Walters & Associates, Inc.



January 18, 2017

Santa Barbara County Association of Governments Legislative Update

To: Marjie Kirn

From: Don Gilchrest

Throughout 2016, we worked to coordinate and implement a transportation advocacy strategy for SBCAG, and arranged for Board Members and staff to lobby these issues during their February trip to Washington, DC. Although there were significant moves forward on transportation, primarily stemming from implementation of the Fixing America's Surface Transportation Act (FAST Act), the overall Congressional work schedule was one of the lightest in recent years, and a variety of initiatives fell by the wayside either because of lack of inertia or lack of time. Anticipated action on several issues in the Lame Duck session – including completion of the 2017 appropriations process – was deferred until Calendar Year 2017, after Republicans not only took over the Executive Branch, but maintained their majorities in both the House and Senate.

With the 115th Congress now well underway, the House of Representatives and the Senate have begun a steady schedule of legislative business designed to take advantage of the new electoral realities. The swearing-in of President-elect Trump on January 20, will intensify this process, and the agenda is expected to include significant initiatives on infrastructure and tax reform.

The following Legislative Update provides additional details on issues and programs related to your Federal Legislative Agenda.

I. 2016 LEGISLATIVE ACTIVITY

FY 2017 Budget

The House and Senate Appropriations Committees worked throughout this year to restore “regular order” by drafting individual FY 2017 appropriations bills in order to enact them by the October 1 start of the new fiscal year. Although most of the twelve FY 2017 spending measures were drafted at the Committee level, progress through the full House and Senate faltered due to factors such as the limited number of days available for floor debate because of the party conventions and subsequent elections, as well as the inclusion of controversial policy riders on the bills. It became increasingly assumed throughout the year that the appropriations process would require some sort of post-election Lame Duck Session to complete an Omnibus

Appropriations package or temporary, short-term funding law known as a “Continuing Appropriations Resolution.”

A Continuing Appropriations Resolution (CR) was signed into law to keep the Federal government operating until December 9 when Congress missed the October 1 deadline for FY 2017 funding. Despite concerted efforts by the House and Senate Appropriations Committees to draft the twelve individual appropriations bills, none were signed into law before Congress adjourned for the November elections. Soon after the election-day results became clear, Congressional Leaders announced they would abandon attempts to enact FY 2017 appropriations bills, and would instead simply extend the CR until April 28, 2017.

Transportation Funding

Although Congress failed to enact any of the appropriations bills this year, the House and Senate Appropriations Committees were successful in moving all 12 of the individual funding bills for FY 2017 out of committee in the first part of this year.

The details of the House and Senate versions of the *FY 2017 Transportation, HUD and Related Agencies Appropriations (THUD)* bill that were drafted generally follow the blueprint laid down by the Fixing America’s Surface Transportation Act (FAST ACT), which was enacted in late 2015 to reauthorize Federal surface transportation programs. Both the House and Senate bills proposed \$43.266 billion for DOT’s Federal-aid highway program, an increase of \$900 million over last year. The bills also proposed \$9.733 billion for FTA Transit Formula Grants, an increase of \$386 million over last year’s level. Since the Federal government is operating under short-term funding authority provided by the FY 2017 Continuing Appropriations Resolution, final decisions about DOT funding levels will not be made until late spring.

FAST Act Implementation

Fiscal year 2016 was the first year of the Fixing America’s Surface Transportation Act (FAST Act), which was signed into law at the end of 2015 and includes \$305 billion over five years for transportation programs. This multi-year authorization of Federal highway, transit and highway safety programs provides SBCAG with a reliable funding stream that will see modest increases over the life of the bill.

During the February trip to Washington, DC, SBCAG Board members and staff met with the local Delegation, Congressional Committees and the Administration to advocate for FAST Act implementation issues, including the following. In most cases, these issues are ongoing and merit continued efforts, since we are only in year two of the five-year bill.

Surface Transportation Block Grant Program (STPBG)

The FAST Act converted the Surface Transportation Program into a block grant program, intending to maximize the flexibility States and local governments. It also increases the amount of STP funding that is distributed to local governments from 50 percent to 55 percent over the life of the bill. Since STP is one of the primary ways that Federal funds are allotted to States and MPOs, SBCAG is monitoring the implementation of this new structure closely.

TAP/Surface Transportation Program Set-Aside

The Transportation Alternatives Program has been renamed the Surface Transportation Program Set-Aside and is now funded out of the STPBG, rather than as a separate formula. Although current eligibilities are retained, SBCAG urged that safe routes to schools and other programs are not hindered as this provision is implemented.

Planning Provisions

The FAST Act maintains the statewide and metropolitan planning processes. Unlike other previous proposals, it would not eliminate smaller Metropolitan Planning Organizations. MPO planning funds, which were not increased under MAP-21, will be increased by about 14 percent by FY 2020.

Primary Freight Network

FHWA did not include the 101 in the Central Coast as part of its Primary Freight Network, which impacts the 101 widening project's eligibility for Freight Formula funds. SBCAG is continued to advocate with the Federal agency, Congress and the State of California for re-designation of the corridor.

Environmental Streamlining

Project acceleration through more efficient environmental reviews was a major theme of MAP-21 and these efforts are expanded in the FAST Act. These additional authorities may provide opportunities for SBCAG projects.

Small Transit Intensive Cities Program

STIC rewards innovative transit operators who provide higher levels of service and has been a source of funding for public transportation in Santa Barbara County. The set-aside for STIC in FTA's Section 5307 formula program will increase from the current 1.5 percent, to 2 percent in 2019. In FY 2016, agencies within Santa Barbara County received \$1.9 million from STIC.

Bus and Bus Facilities Program

The FAST Act included a new Bus and Bus Facilities Discretionary Grant Program, with funding of \$268 million in FY 2016, increasing to \$344 million in FY 2020. Santa Barbara Metropolitan Transit District was awarded \$5.68 million to purchase new buses when the first round of grants was announced in September.

Multi-year bill

Surface Transportation Legislation has historically been six years in length, although MAP-21 was only a two-year bill. The FAST Act is a five year, fully funded bill. SBCAG has advocated for full implementation of the multi-year funding, which will better enable the planning and implementation of projects.

Project Funding

Although Congress is currently operating under a self-imposed moratorium on project earmarks, SBCAG pursued funding for the US 101 HOV Lane and Multimodal Improvements through DOT's FY 2016 TIGER discretionary grant program.

SBCAG Board members and staff met with senior DOT officials to advocate for this project in February. This provided an opportunity to stress the regional significance of the US 101

widening project, to highlight its support as the highest regional priority by all SBCAG member agencies, and to emphasize the importance of Highway 101 to the Central Coast.

Throughout the year, we lobbied DOT on the TIGER grant applications and assisted SBCAG staff in the application process. Congresswoman Capps wrote to DOT Secretary Foxx to convey her support for the project and noted the regional priority of the 101 Project. When DOT announced the grants in July, only 4 TIGER grants were awarded in California and SBCAG's projects were not selected. The competition for FY 2017 funding is expected to again be very fierce.

Rail

We arranged and participated in meetings for SBCAG Board Members and staff in February to advocate for increased passenger rail in the Central Coast. The FAST Act also included authorizations for Amtrak and for three new Intercity Passenger Rail Programs, and SBCAG discussed their implementation and advocated for Congressional Appropriations for these programs. If funded by the Appropriations Committees, these new programs may provide opportunities for future improvements to intercity rail in the Central Coast that would provide additional options to commuters.

Board members and staff briefed the Senate Appropriations Committee on how previous Federal support was used to fund projects such as the Seacliff and Ortega sidings and urged them to fund the rail programs in fiscal year 2017. We also met with FRA Associate Administrator Paul Nissenbaum to urge the Administration's strong support for the programs and to discuss potential Federal funding for the Central Coast in future grant opportunities.

The House Appropriations Committee approved its version of the *FY 2017 Transportation, HUD and Related Agencies Appropriations (THUD)* bill on May 24 and included \$50 million for the new rail programs. The full Senate passed its version of the THUD bill on May 19 and proposed a total of \$85 million for rail improvements. However, work on the FY 2017 THUD spending bill was left to be completed by the new Congress before the Continuing Resolution expires at the end of April 2017.

II. 2017 CONGRESSIONAL OUTLOOK

Trump Administration/Cabinet

On November 29, President-elect Trump announced his decision to appoint Elaine Chao as Secretary of Transportation. Secretary-designate Chao is seen as a conventionally conservative, rather than revolutionary, pick to head the agency, based on her previous service as Secretary of Labor in the George W. Bush Administration. Chao has also served successfully in other roles within the DOT as head of the Maritime Administration and as Deputy Secretary. Although this pick has been reassuring to many transportation stakeholders, the direction that DOT takes next year will be significantly impacted by the other officials who are subsequently named to head the various modal agencies.

TIGER Project Funding

Funding for National Infrastructure Investments through DOT (TIGER Grants) in FY 2017 will not be finalized until Congress completes the transportation appropriations bill in April. Simultaneously, the House and Senate Appropriations Committees will begin drafting funding

bills for FY 2018, and will have to decide whether to continue the program and if so, in what form. SBCAG has advocated for continuation of the TIGER program as an opportunity to pursue funding for your high priority projects.

Infrastructure Initiative

The Trump Administration is proposing to spend \$1 trillion on various infrastructure projects over 5-10 years. Very little is known about the details of this proposal, other than that the plan will be revenue-neutral and will rely heavily on tax credits and private sector investment. One plan that has received some attention is to utilize repatriated overseas corporate earnings, public-private partnerships and bonding as a way to support a \$550 billion transportation infrastructure program. Democratic Congressional Leaders have expressed a strong interest in working with President-elect Trump on his infrastructure plan, but are insisting on billions of dollars of increased Federal spending and not just tax credits to secure their support.

Highway Trust Fund

The Highway Trust Fund is projected to be solvent until the expiration of the FAST Act in 2020, due to the infusion of \$70 billion that was transferred to the Fund from a variety of offsetting “pay-fors,” providing the additional funding needed for the five years of the bill. However, the *FAST Act* still does not provide a permanent solution to the Highway Trust Fund’s recurring shortfalls, and the revenue deficit will actually increase in the next reauthorization bill. It would be unusual for Congress to address this type of problem before it becomes a crisis, but the infrastructure and tax reform debates expected this year will provide unusual opportunities to modify or add to the Trust Fund.

Mass Transit Account

2.86 cents per gallon of the motor fuels taxes that are put into the Highway Trust Funding are transferred to a dedicated Mass Transit Account, which is used to fund many of the programs at FTA. In recent years, some conservative Republicans in Congress made concerted efforts to eliminate the Mass Transit Account, which would force FTA programs to rely in the vagaries of the annual appropriations process for funding. If the FAST Act is amended in 2017, or legislation is drafted that impacts the HTF, SBCAG will want to closely monitor any impacts on the Mass Transit Account and work with other stakeholders to protect funding for public transportation.

FAST Act Implementation

DOT will continue the process of issuing regulatory and programmatic guidance for the many new FAST Act provisions, which we will monitor for any impacts on SBCAG.

Buy America

The FAST Act increased Buy America requirements for DOT projects, and stakeholders are still working through how that will be implemented. President-elect Trump is expected to stress job creation and domestic content for projects, which may increase these requirements further. For example, Trump has stated that he wants to ensure that only American steel is used in infrastructure projects.

Tax Reform

Potential issues for tax reform include possible increases or changes to the motor fuels taxes that go into the Highway Trust Fund or the elimination of tax deductions such as the transit commuter benefit or renewable fuels tax credits. Any revenue-neutral tax overhaul bill in 2017 would require the elimination of at least some tax breaks to pay for lower overall tax rates, so we will continue to look for opportunities to lobby Congress and work with other stakeholders on these tax provisions.

Regulatory Review

House and Senate Republican Leaders are placing an emphasis on regulatory oversight and review, including potential repeal of regulations promulgated in the closing days of the Obama Administration. The potential nexus to transportation policies could be an expansion of previous environmental streamlining initiatives and other efforts at project acceleration through more efficient environmental reviews.

Passenger Rail

The FAST Act provisions that authorize passenger rail grant programs may provide opportunities to improve intercity rail in the Central Coast and provide additional options to commuters. FRA has begun the process of setting up these programs, but funding will be needed in the FY 2017 appropriations process if the new programs are to proceed. Advocacy areas could include funding for the programs, FRA's grant process and any specific projects that become candidates for applications in the future.