



City of Phoenix

To: Mayor and Council
Executive Team

Date: February 26, 2009

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: FEBRUARY 20 – FEBRUARY 26, 2009

This memorandum provides an update of the past week's federal activities – Congressional action, lobbying and national meetings. Please let me or Tom Remes know if you have any questions or need further information on specific legislation or issues.

FEBRUARY 20 – FEBRUARY 26, 2009

Phoenix's Response to the American Recovery and Reinvestment Act (ARRA)

Immediately after President Obama signed the ARRA on February 17, City Manager Frank Fairbanks convened a citywide ARRA Task Force to review the legislation and prepare any needed applications for stimulus funding. The Task Force consists of three interdepartmental teams: Public Safety, co-chaired by Chief Bob Khan and Public Safety Manager Jack Harris; Public Infrastructure and Transit, co-chaired by Deputy City Manager Ed Zuercher and Aviation Director Danny Murphy; and Social Services and Community Development, co-chaired by Neighborhood Services Department Director Jerome Miller and Human Services Department Director Gloria Hurtado.

Staff is working creatively and aggressively to identify all opportunities for funding. Many opportunities likely will involve partnerships, not only between departments but also within the greater Phoenix region and beyond.

Notification of ARRA Direct Funding to Phoenix To Date

Much of the ARRA funding is distributed by existing federal formulae. This week departments began to receive notification of ARRA formula distributions:

Emergency Shelter Grants / Homeless Prevention and Re-Housing

\$6.9 million to Phoenix

Funding comes directly to the city.

2 years to expend.

Eligible activities include: short or medium term rental assistance; utility deposits and payment; moving costs; case management; and other appropriate homelessness prevention.

These are all services we currently provide in the Family Advocacy Centers.

Community Services Block Grant

\$2.4 million to Phoenix

Funding comes through State. State must pass through 99% to the eligible entities.

3 years to expend.

Funding can be used for both staffing and voucher assistance.

Increases eligibility to 200% of poverty.

Federal Aviation Administration (FAA)

\$9 million to Phoenix (pending FAA approval)

Set aside for taxiway rehabilitation (Taxiway C) at Sky Harbor.

The notice to proceed needs to be issued by June 2009 with final inspection (acceptance) by no later than September 2011.

Community Development Block Grant

\$4.6 million to Phoenix

This will be added to the City's 2008-2009 appropriation of \$16.84 million.

This includes funding for youth services, child care, seniors and persons with disabilities where current RFP funding requests far exceed available dollars.

It also includes emergency housing rehabilitation for low and moderate income residents across the city and needed leverage for public facilities projects ready for construction.

Workforce Investment Act

\$6.3 million to Phoenix (based on Arizona Department of Economic Security estimate)

Adult Funding - \$1,453,000

Youth Funding - \$2,930,000

Dislocated Worker Funding - \$1,762,000

Rapid Response Funding - \$211,000

Public Housing Capital Funds

\$4.3 million to Phoenix

Lead Based Paint Hazard Control (LBPHC) Grant

\$2.3 million to Phoenix

This funding will allow NSD to support its original grant proposal to reduce lead hazards in 225 privately-owned homes occupied by low income families with children under six years old within 10 defined ZIP codes; lead hazard elimination to homes of Elevated Blood Lead Level (EBLL) identified children; outreach and education to at least 4000 individuals; and skill-training of lead safe work practices to at least 200 individuals engaged through partnerships with the program.

Healthy Homes Demonstration Grant

\$875,000 to Phoenix

To develop, demonstrate, and promote cost-effective, preventive measures to correct multiple residential health and safety hazards that produce serious diseases and injuries in children and other sensitive subgroups such as the elderly, with a particular focus on low income households.

FY09 Omnibus Appropriations Bill

The federal government continues to operate under a Continuing Resolution (CR) that was first adopted in September 2008 and currently is set to expire on March 6, 2009. This week in a step toward finalizing the FY 2009 federal budget, the House of Representatives passed its "Omnibus Appropriations Act, 2009," by a vote of 245-178. The Omnibus provides \$410 billion in discretionary spending, about \$31 billion, or 8 percent more, than the total funding in the fiscal 2008 versions of the nine bills in the package. Staff is reviewing the bill. The Senate is expected to take up the package next week. Some Phoenix funding highlights include:

Transit FY09 Appropriations

New and Small Starts:

Central Phoenix/East Valley Light Rail – \$91,800,000

Alternatives Analysis:

Central Mesa Corridor AA – \$237,500

I-10 West Corridor AA – \$475,000

Tempe South Corridor AA – \$237,500

Bus and Bus Facilities:

South Mountain Circulator Bus, Phoenix – \$950,000

Energy and Water FY09 Appropriations

Tres Rios – \$9.57 million

Rio Salado Oeste – \$1.434 million

Phoenix Metro Reuse – Bureau of Reclamation – \$250,000

Aviation FY09 Appropriations

Taxiway R Reconstruction – \$1,900,000

Phoenix Taxiway Connector H-5 – \$950,000

Phoenix-Mesa Gateway Taxiway B – \$950,000

Public Safety FY09 Appropriations

Police Officer Communication Network – \$500,000

Economic Development FY09 Appropriations

Translational Genomics Research Institute (TGEN) Equipment and Laboratory - \$250,000

President Obama's Proposed FY10 Budget

This morning, President Obama released his proposed federal budget "framework" for fiscal years 2010 and beyond. Because the Obama team did not have the resources of elected office until January 20, the fine print of the budget (including account-level data) will not be released until sometime in April. Nevertheless, the 134-page document released this morning does allow a few conclusions to be drawn.

The document is available in PDF format here:

http://www.whitehouse.gov/omb/assets/fy2010_new_era/A_New_Era_of_Responsibility2.pdf

Staff is reviewing the potential impacts to the City of Phoenix. One early positive note is that the budget includes \$4.5 billion in Community Development Block Grant (CDBG) funds for FY10 and calls for formula change so that the funding goes to localities with the most need. This is the opening the City has been working towards, and we are going after it with the utmost enthusiasm and effort. During the City Council's National League of Cities (NLC) visit next month, meetings will be set with Housing and Urban Development (HUD) officials and Congress to discuss the specific changes needed to benefit Phoenix.

President Obama's Proposed FY10 Budget – Transportation

According to a news release from *Transportation Weekly*, the proposed budget makes the following points about the U.S. Department of Transportation (USDOT) budget:

The budget proposes a total amount of discretionary budgetary resources at USDOT of \$72.5 billion in FY10. This is about \$1.8 billion more than the \$70.7 billion appropriated in the omnibus FY09 appropriations bill which passed the House yesterday, or an increase of 2.5 percent.

It is impossible to analyze the USDOT total beyond FY10 without the fine print because the Obama budget appears to continue some version of the Bush Administration's plan to replace most aviation taxes with direct user fees, starting in FY11. This has the effect of making it look like USDOT spending will decrease significantly in FY11 and beyond. In fact, spending increases will be taking place, but they will be directly offset by the user fees and do not show up in the budget totals.

The budget does not appear to propose significant spending increases for surface transportation spending in 2010, nor does it propose a "reserve fund" to increase surface transportation in the reauthorization bill if new revenues can be found. The document merely says that "*The Administration intends to work with the Congress to reform surface transportation programs both to put the system on a sustainable financing path and to make investments in a more sustainable future, enhancing transit options and making our economy more productive and our communities more livable. Further, the Nation's surface transportation system must generate the best investments to reduce congestion and improve safety. To do so, the Administration will emphasize the use of economic analysis and performance measurement in transportation planning. This will ensure that taxpayer dollars are better targeted and spent.*"

The budget proposes a new \$1 billion per year appropriation over the next five years for high-speed rail development, to complement the \$8 billion "jump start" in rail funding provided by the economic stimulus law.

The budget proposes to spend \$800 million in FY09 on next-generation air traffic control technology. However, the budget does not say how much of this falls within the existing procurement budget and how much is additional funding.

The budget proposes to reclassify some elements of transportation spending. The budget document says that “the Administration proposes changing the budgetary treatment of transportation programs to show both budget authority and outlays as discretionary.” At present, only appropriated budget authority for DOT is counted as part of the discretionary budget. This means that highways, mass transit, airports, and highway and truck safety are excluded from budget totals.

There would be several real-world effects to this proposal. For starters, at present the Transportation-Housing and Urban Development (HUD) Appropriations Subcommittee gets an annual budget allocation, and almost all HUD programs have to fit under that ceiling (which was \$55 billion in the omnibus 2009 bill). But highways, transit (the Trust Fund portion, at any rate), airports, and safety do not. The Obama Administration’s proposed reclassification would increase the THUD subcommittee total to around \$110+ billion, and highways, transit, airports and safety obligation limitations would have to fit under this ceiling as well.

This proposal has tremendous implications for the TEA21/SAFETEA-LU budgetary “firewalls” and would appear to spell the end of the concept of multi-year contract authority in general. But there are no details to the proposal yet; merely one paragraph and one footnote. And the devil resides in those details.

The staff of House Transportation and Infrastructure Chairman James Oberstar (D-MN) are circulating a letter which they hope all transportation authorizing committee chairmen and ranking members will sign by tomorrow. The letter, addressed to President Obama (along with a similar letter to the Budget Committees), will strongly protest this proposed scorekeeping change. Office of Management and Budget does not have the final say on this proposal – Congress must address it as part of the assumptions underlying the budget resolution this spring.

New Commerce Secretary

President Obama has nominated former Washington Governor Gary Locke for Commerce secretary. The President’s two earlier choices for the post dropped out before the Senate had a chance to confirm them. - one a Democrat facing questions about a donor and the other a Republican who had a change of heart about working for a president from the opposite party.

Senate Approves Granting Washington D.C. a Vote

On Thursday, the Senate voted 61-37 to approve a bill providing a representational vote in the House of Representatives for citizens of the District of Columbia. The measure must still be approved by the House, which could act as soon as next week. The House passed a similar measure last year. It would then go to President Obama for his signature. The bill would also give Utah an additional voting member in the House. That compromise was included because the additional House vote from the District would almost certainly be a Democrat.

One controversial amendment changing D.C. law was added to the bill. In a 62-36 vote, the Senate approved an amendment from Sen. John Ensign (R-NV) that does away with D.C.’s registration requirements for most guns. It also repeals the city’s ban on semiautomatic firearms and lessen criminal penalties for possessing an unregistered

firearm in the District. Twenty-two Democrats supported the amendment. There was only one Republican who voted no.

Sen. Jon Kyl (R-AZ) offered an amendment ceding most of D.C. to Maryland, thereby granting District residents full congressional representation. The amendment was defeated in a 30-67 vote.