



City of Phoenix

To: Mayor and Council
Executive Team

Date: May 22, 2009

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: MAY 16– MAY 21, 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.

MAY 16 – MAY 21, 2009

Congressional Recess

Congress will be in recess next week following the Memorial Day holiday. Members of Congress will return to the Capitol on June 1.

House Approves FAA Reauthorization

Thursday night, the House of Representatives approved reauthorization legislation for the Federal Aviation Administration (FAA). The bill, approved by a 277-136 vote, would provide \$53.5 billion over the next three fiscal years for the FAA's capital programs to modernize facilities and implement a new air traffic control system. The bill authorizes a Passenger Facility Charge (PFC) increase of up to \$6, and up to \$7 in certain circumstances. The Senate is expected to drop a bill in early to mid June.

The authorization is nearly two years overdue amid controversies over funding mechanisms and air traffic control labor disputes.

Senate Surface Transportation Reauthorization

Senator John Rockefeller (D-W. VA), Chairman of the Commerce, Science and Transportation Committee, along with Senate Frank Lautenberg (D-NJ), introduced the "The Federal Surface Transportation Policy and Planning Act of 2009" (S.1036). According to the Senator Rockefeller, the bill would lay out a strategic, integrated plan that will address the challenges to our national infrastructure and federal programs.

Major goals outlined in this legislation:

- Reduce national per capita motor vehicle miles traveled on an annual basis;
- Reduce national motor vehicle-related fatalities by 50 percent by 2030;
- Reduce national surface transportation-generated carbon dioxide levels by 40 percent by 2030;
- Reduce national surface transportation delays per capita on an annual basis;

Increase the percentage of system-critical surface transportation assets that are in a state of good repair by 20 percent by 2030;
Increase the total usage of public transportation, intercity passenger rail services, and non-motorized transportation on an annual basis;
Increase the proportion of national freight transportation provided by non-highway or multimodal services by 10 percent by 2020; and
Reduce passenger and freight transportation delays and congestion at international points of entry on an annual basis.

House Surface Transportation Authorization Discussions Continue

There seems to be consensus among both Congress and the Obama Administration that reforming the earmark process will be imperative to the success of any surface transportation legislation.

Rep. Richard Neal (D-MA), Chairman of the House Ways and Means Subcommittee on Select Revenue Measures, expressed to a group of transportation advocates that Congress still has to overcome the "bridge to nowhere" problem, while Roy Kienitz, Department of Transportation (DOT) Undersecretary for Policy, articulated that Americans want "big reform" in the transportation program. Due to the desire for reform, key members of Congress have met with the DOT and White House officials to figure out what type of reform, when, and how to pay for it.

Acknowledging that there will be a tension between local goals and national goals, Kienitz said that the authorization should be a national program which achieves national goals, and suggested that in the end, there will be a balance. He went on to indicate that the Administration has not yet come up with an amount of desired funding for surface transportation and that they will not come up with a figure until they know what reforms are proposed.

Finally, Kienitz mentioned that House Transportation and Infrastructure Committee Chairman, James Oberstar (D-MN), has taken the lead and that the Administration wants to be an intelligent partner with Oberstar on both the reform and funding fronts. Referring indirectly to the disclosure, transparency, and accountability requirements in the stimulus package, he concluded by saying that if the public's view of the stimulus spending is positive, it will help to advance the authorization bill. While the funding issue remains to be resolved, on Tuesday, Oberstar told the Transportation Construction Coalition "we're ready to roll", and said that he expects to bring the bill to the House floor for a vote in the third week of June. Additionally, Neal advised transportation advocates that the Select Revenue Measures Subcommittee will soon announce a series of hearings on revenue options for funding infrastructure investment.

Climate Change Legislation

The House Energy and Commerce Committee began marking up "The American Clean Energy and Security Act" (H.R. 2454) on Monday, May 17. The bill seeks to reduce greenhouse gas emissions by establishing a cap and trade system whereby polluting entities can buy and sell emission credits. Prior to markup, the bill included the following programs that would impact local governments:

Support of State Renewable Energy and Energy Efficiency Programs: Distributes emission allowances among states for energy efficiency programs and renewable energy deployment and manufacturing support.

Public Institutions: Amends the Energy Independence and Security Act to include non-profit hospitals and public health facilities among public institutions eligible for grants and loans and clarifies loan and cost-share conditions.

Community Energy Efficiency Flexibility: Amends the Energy Independence and Security Act to remove limits on funds received by communities through the Energy Efficiency and Conservation Block Grant program that can be used to fund revolving loan accounts or through sub-grants for purposes of the program.

Small Community Joint Participation: Amends the Energy Independence and Security Act to allow small communities to join with other neighboring small communities in a joint program of sufficient size to be defined as an eligible local government recipient under the Energy Efficiency and Conservation Block Grant program.

Low-Income Community Energy Efficiency Program: Authorizes grants to community development organizations to provide financing to improve energy efficiency, develop alternative, renewable, and distributed energy supplies, promote opportunities for low-income residents, and increase energy conservation in low income rural and urban communities.

Clean Energy Curriculum Development Grants: Amends the Carl. D. Perkins Career and Technical Education Act of 2006 to authorize the Secretary of Education to award grants to universities and colleges to develop programs of study that prepare students for careers in renewable energy, energy efficiency, and other forms of global warming mitigation. These grants are peer reviewed by experts with relevant experience in the areas being considered for funding.

Increased Funding for Energy Worker Training Program: Increases the authorization for the Green Jobs Act, authorized in the Energy Independence and Security Act, from \$125 million to \$150 million.

Greater Energy Efficiency in Building Codes: Amends the Energy Conservation and Production Act to require the Secretary of Energy to support consensus code-setting organizations to establish building codes achieving 30% and 50% higher energy efficiency targets in 2010 and 2016, respectively, to establish codes directly if such organizations fail to do so, to include cool roofs standards, and to support state and local adoption of such advanced codes by supporting training and funding for energy efficiency code enforcement.

Building Retrofit Program: Establishes a program under which the Administrator of EPA, in consultation with the Secretary of Energy, supports development of standards and processes for retrofitting existing residential and nonresidential buildings. Authorizes the Secretary of Energy to provide funding to states to conduct cost-effective building retrofits, using local governments, other agencies or entities to carry out the work, through flexible forms of financial assistance up to 50% of the costs of retrofits, with funding increasing in proportion to efficiency achievement. Also supports retrofits of historic buildings.

The City's lobbyists are working with the National League of Cities and US Conference of Mayors to request that the Energy Efficiency and Conservation Block Grant be added to the legislation.

Community Development Block Grant (CDBG) Formula Reform

At a recent US Conference of Mayors (USCM) meeting regarding the Administration's proposal to change the CDBG formula, a number of cities voiced concerns that their communities may see their funding reduced. Phoenix's lobbyists reminded the group that the proposal includes a "hold harmless" provision that would keep those cities at current funding levels while making the program more efficient by targeting funding using a formula that reflects current demographics. The city's lobbyists continue to reach out to cities that would support a formula change.

Mayor Dellums of Oakland, California has prepared a CDBG resolution that will be considered during the USCM June meeting. Mayor Dellums's resolution includes language that supports the formula change if there is a permanent hold harmless. This is consistent with the City's message. Staff has asked Mayor Gordon to sign on to the resolution as a co-sponsor.

The lobbyists also contacted Stan Gimont, Director of the Office of Block Grant Assistance at the Department of Housing and Urban Development, regarding the Administration's CDBG reform proposal. They discussed the City's concerns with the current formula and the City's support for one formula that adequately targets funding to communities with the greatest need. According to Mr. Gimont, the Administration will release its legislative proposal in mid to late summer.

Census Director Nomination

Last Friday, the Senate Homeland Security and Government Affairs Committee held a nomination hearing for Robert Graves to be the next Director of the Census Bureau. Our lobbyists provided Senator McCain (who is a member of the Senate Homeland Security and Government Affairs Committee) with questions prepared by City staff. Mr. Graves made a commitment to use a grassroots outreach approach. Senator McCain is aware of the City's census concerns and indicated that he was impressed with Mr. Graves's understanding of hard to count populations.

Arizona Delegation Votes *

CREDIT-CARD RULES: Voting 361 for and 64 against, the House on May 20 passed a bill (HR 627) changing a wide range of credit-card practices in ways that benefit consumers. The bill freezes interest rates on new accounts for one year and locks in promotional rates for six months. Credit-card firms then would have to give 45 days notice of rate increases and could apply new rates retroactively only to balances at least 60 days in arrears. (See Senate issue below for additional provisions.) A yes vote was to pass the bill.

Voting yes: Kirkpatrick, Pastor, Mitchell, Grijalva, Giffords

Voting no: Franks, Shadegg, Flake

GUNS IN PARKS: Voting 279 for and 147 against, the House on May 20 approved language in HR 627 (above) ensuring the right to bear loaded guns in the National Park System and National Wildlife Refuge System if the bearer is otherwise qualified to carry weapons. The provision seeks to counter a federal judge's recent ruling against Bush administration rules that permit loaded weapons in federal parks and refuges. A yes vote backed the gun amendment.

Voting yes: Kirkpatrick, Franks, Shadegg, Mitchell, Flake, Giffords

Voting no: Pastor, Grijalva

AT-RISK MORTGAGES: Voting 367 for and 54 against, the House on May 19 passed a bill (S 896) revamping the 2008 Hope for Homeowners Program, which encourages lenders to refinance at-risk mortgages into 30-year, fixed-interest loans in return for Federal Housing Administration backing of the new loans. President Obama signed the bill into law May 20. A yes vote was to pass the bill.

Voting yes: Kirkpatrick, Pastor, Mitchell, Grijalva, Giffords

Voting no: Franks, Shadegg, Flake

FINANCIAL CRIMES: Voting 338 for and 52 against, the House on May 18 passed a bill (S 386) toughening federal laws against mortgage and securities fraud and nearly doubling federal personnel for investigating and prosecuting financial crimes. The bill also would establish a commission of six Democratic appointees and four Republican appointees, armed with subpoena power, to investigate the ongoing economic crisis and recommend preventive steps. President Obama signed the bill into law May 20. A yes vote was to pass the bill.

Voting yes: Kirkpatrick, Pastor, Mitchell, Giffords

Voting no: Franks, Shadegg, Flake

FEDERAL AVIATION BUDGET: Voting 277 for and 136 against, the House on May 21 passed a bill (HR 915) authorizing \$70 billion for federal aviation programs through fiscal 2012. In part, the bill provides \$39.3 billion for operating the Federal Aviation Administration, \$16.2 billion for airport improvements and \$13.4 billion for modernizing the air-traffic control system. A yes vote was to send the bill to the Senate.

Voting yes: Kirkpatrick, Pastor, Mitchell, Grijalva, Giffords

Voting no: Franks, Shadegg

Not voting: Flake

TOBACCO COMMERCE: Voting 397 for and 11 against, the House on May 21 passed a bill (HR 1676) requiring sellers of large quantities of cigarettes and smokeless tobacco in interstate commerce to comply with state tax laws and register with the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATFE). Under the bill, the bureau could inspect the premises of those using the Internet, phone or mail to distribute or sell more than 10,000 cigarettes or 500 cans of smokeless tobacco per month. The bill awaits Senate action. A yes vote was to pass the bill.

Voting yes: Kirkpatrick, Franks, Shadegg, Pastor, Mitchell, Grijalva, Giffords

CREDIT-CARD RULES: The Senate on May 19 voted, 90 for and five against, to impose pro-consumer rules on credit-card firms. In addition to provisions noted in the House item above, the bill (HR 627) requires credit cards to apply payments to the highest-interest portion of cardholder debt, limits the issuance of subprime "fee harvester" cards to those with poor credit ratings, and requires statements to be mailed 21 days in advance of the due date. A yes vote was to pass the bill.

Voting yes: McCain

Voting no: Kyl

GARY GENSLER CONFIRMATION: Voting 88 for and six against, the Senate on May 19 confirmed Gary Gensler, 51, as chairman of the Commodity Futures Trading Commission, which oversees futures trading in oil, natural gas and farm products and may be called on to regulate derivatives. Debate centered on whether Gensler would be a tough watchdog,

given his Wall Street background and opposition while in the Clinton administration to oversight of credit default swaps and other derivatives. A yes vote was to confirm Gensler.

Voting yes: McCain, Kyl

WAR APPROPRIATIONS: Voting 86 for and three against, the Senate on May 22 passed a bill (HR 2346) to appropriate \$91.3 billion through Sept. 30 to fund U.S. war actions and international programs and respond to natural disasters at home.

A yes vote was to pass the bill.

Voting yes: McCain, Kyl

GUANTANAMO BAY: Voting 90 for and six against, the Senate on May 20 stripped HR 2346 (above) of \$80 million requested by the Obama administration for closing the U.S. military prison at Guantanamo Bay, Cuba. The bill still contains language preventing the release of any of the approximately 240 Guantanamo prisoners into the United States for trials. A yes vote was to remove the funding.

Voting yes: McCain, Kyl

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