



City of Phoenix

To: Mayor and Council
Executive Team

Date: July 2, 2009

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: JUNE 26– JULY 2, 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.

JUNE 26 – JULY 2, 2009

Congressional Recess

The House and Senate adjourned for the 4th of July recess on Friday, June 26. The Senate will resume legislative business on Monday, July 6 with work on the FY 10 Legislative Branch Appropriations bill while the House returns on Tuesday, July 7.

Climate Change Legislation Passes the House

Prior to adjourning, the House passed the “American Clean Energy and Security Act of 2009” (H.R. 2454) by a margin of 219 to 212. The vote came after several weeks of intense lobbying by the White House and Democratic leaders to persuade conservative Democrats to support the bill. Highlights of the bill include:

Setting goals for reducing greenhouse gas emissions, phased in through 2050.

EPA is required to set caps on greenhouse gas emissions beginning in 2012.

Energy production companies would be required to increase the amount of their energy loads from renewable energy sources.

Establishes a national energy efficiency goal of increasing energy productivity by 2.5 percent per year from 2012 to 2030.

Provides states, through the State Energy and Environment Development (SEED) program, with approximately 1 percent of emission allowances to fulfill matching requirements to receive federal funds for projects such as building new subway lines or acquiring new clean fuel buses.

The bill does not include funding for the Energy Efficiency and Conservation Block Grant (EECBG), which was supported by local government associations. In a letter to Chairmen Henry Waxman (D-CA) and Edward Markey (D-MA), the National League of Cities (NLC) highlighted the importance of EECBG funding and the importance of restoring language, included in the Committee mark but not in the final bill, that created a Climate Change Adaptation Fund to provide federal support to state, local and tribal adaptation projects.

Additionally, the bill does not include language offered by Congresswoman Lois Capps (D-CA) that would have created a grant program to help drinking water and wastewater systems fund projects to adapt to the impacts of climate change.

The Senate Environment and Public Works Committee is expected to begin consideration of its bill in July. According to the American Public Transportation Association (APTA), Senator Ben Cardin (D-MD) will seek dedicated transit investment, as he did during Senate development of the Lieberman-Warner legislation last year. Senators Tom Carper (D-DE) and Arlen Specter (D-PA) are also championing CLEAN-TEA (S. 575), which would set aside up to 10 percent of emission allowances for transportation investment, including transit funding, and institute comprehensive transportation planning efforts to reduce greenhouse gas emissions.

Surface Transportation Authorization Bill Update

As reported last week, the House Highways and Transit Subcommittee of the Transportation and Infrastructure Committee marked up the “Surface Transportation Authorization Act of 2009.” The purpose of the bill is to significantly reform transportation policy so that funding is allocated to program that meet overall policy priorities identified as:

- Reduce fatalities and injuries on our nation’s highways;
- Unlock the congestion that cripples major cities and the freight transportation network;
- Provide transportation choices for commuters and travelers;
- Limit the adverse effects of transportation on the environment; and,
- Promote public health and the livability of our communities.

The 700-page plus bill provides \$500 billion over six years as follows:

- \$337.4 billion for highway construction investment, including at least \$100 billion for Capital Asset Investment to begin to restore the National Highway System (including the Interstate System) and the nation’s bridges to a state of good repair;
- \$99.8 billion from the Mass Transit Account of the Highway Trust Fund and General Fund for public transit;
- \$50 billion for Metropolitan Mobility and Access, which provides funding to urbanized areas with populations of 1 million or more; and,
- \$25 billion for Projects of National Significance to enhance U.S. global competitiveness by increasing the focus on goods movement and freight mobility; and
- \$50 billion to develop 11 authorized high-speed rail corridors linking major metropolitan regions for projects that: encourage intermodal connectivity; produce energy, environmental, and other public benefits; create new jobs; and leverage contributions from state and private sources.

The bill dramatically changes the structure of the current program system by combining the 75 surface transportation programs into the following four core program areas: (1) Critical Asset Investment, (2) Highway Safety Improvement, (3) Surface Transportation and (4) Congestion Mitigation and Air Quality Improvement (CMAQ).

During the markup, Chairman Peter Defazio (D-OR) asked his colleagues to send the Committee any recommendations or amendments so that they can be considered prior to full committee markup. The main issue raised by Committee members, especially those from “donee” states, was the allocation formulas that will be used to distribute funding.

One of the 12 amendments offered by Republican members was to ensure that each state received, at a minimum, 92% of formula funding. Chairman James Oberstar (D-MN) indicated that the Committee print does not address the formula issues but will address them before and during full Committee markup, which is not expected to occur until the House Ways and Means produces a financing title for the bill.

While Chairman Oberstar is committed to passing a House bill before the August recess he is facing tough resistance from the Administration and from Senator Barbara Boxer (D-CA), the Senate Environment and Public Works Committee Chair, who support an 18-month extension.

On the other side of Capitol Hill, the Senate Environment and Public Works Committee held a hearing entitled, "Impacts of Highway Trust Fund Insolvency." Secretary Ray LaHood testified that unless Congress took action, the Highway Trust Fund Highway Account, would be insolvent in August 2009 and would, based on current estimates, cost \$5 to \$7 billion to allow DOT to "pay its bills" on time. During his testimony, Secretary LaHood reiterated the Administration proposal to pass an 18-month extension of Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) in order to give the Administration and Congress time to work through many issues, especially how to pay for the bill.

Secretary LaHood also outlined four priorities for reforming the surface transportation system: 1) economic competitiveness; 2) mode neutrality; 3) economic analysis and research; and 4) improving accountability.

Chemical Security Bill Passes Homeland Security Committee

The House Homeland Security Committee passed the "Chemical Facility Antiterrorism Act of 2009 (HR 2868)" by a party line vote of 18-11. The bill authorizes the Secretary of Homeland Security to designate any chemical substance as a substance of concern and establish the threshold quantity for each such substance after considering the potential extent of death, injury, and serious adverse effects that could result from a chemical facility terrorist incident. In addition the bill does the following:

Directs the Secretary to: (1) maintain a list of covered chemical facilities that are of sufficient security risk; (2) assign each covered facility to one of four risk-based tiers; (3) establish standards and procedures for security vulnerability assessments and site security plans; (4) require each facility owner or operator to submit and, once approved, to implement such an assessment and plan; and (5) establish risk-based chemical security performance standards for site security plans.

Permits the Secretary, under specified circumstances, to: (1) accept an alternate security program submitted by the owner or operator of the facility; (2) conduct facility security inspections; and (3) obtain access to and copy records.

Requires: (1) the timely sharing of threat information; and (2) the Secretary to provide information to the public regarding a process by which individuals may report problems, deficiencies, or vulnerabilities at a covered facility associated with the risk of a terrorist incident. Establishes whistleblower protections for facility employees who report violations.

Establishes in the Department of Homeland Security (DHS) an Office of Chemical Facility Security.

The current authorization is set to expire in October and the President has asked Congress to provide a one-year extension, which was included in the House-passed FY 10 Homeland Security Appropriations. The extension buys time for Congress to pass a new

authorization bill. The House Homeland Security Appropriations bill also includes language that exempts drinking water and wastewater systems from current regulations. Staff is monitoring this legislation on behalf of the City's Water Services Department.

Stimulus Update

The Office of Management and Budget (OMB) has issued new implementing guidance for the ARRA. Additional detailed information regarding job reporting requirements and compliance can be found in section 5 of the guidance:

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21.pdf

Minnesota Court Declares Franken Senate Winner

Minnesota's Supreme Court ruled Tuesday that Democrat Al Franken is the winner of the state's Senate race and should be awarded a certificate of election, paving the way for Franken to be seated next week. The court determined that he received the highest number of votes legally cast. Franken would be the 60th Democratic vote in the Senate, giving the party the ability to override GOP filibusters without needing a Republican senator to cross over.