

Potomac Partners DC



Monthly Legislative Report – February 2017

Overview

The Fiscal Year (FY) 17 appropriations process remains unsettled. The current Continuing Resolution (CR) funding the government at FY16 levels expires on April 28th. We have spoken to a number senior Appropriations members of both parties in the House and Senate to include Congressman Mario Diaz-Balart, Chairman of the Transportation, Housing and Urban Development appropriations subcommittee, Congressman Tom Cole (R-OK), Chairman of the House Labor-HHS-Education appropriations subcommittee, Congressman Mike Simpson (R-ID), Chairman of the House Energy and Water appropriations subcommittee, and Congressman Ken Calvert, Chairman of the House Interior appropriations subcommittee. While these Subcommittee Chairman and their staff continue working to finalize their individual appropriations bills they acknowledge the political obstacles they face like the mounting pressure from Freedom Caucus members who want even lower spending levels to match past sequestration plans, and the Democrats who will not vote for any spending cuts to entitlement programs. Without the needed 218 votes in the House, House Leadership may opt for yet another CR in April and instead use their political capital to tackle other legislative priorities over the next two months like the repeal and replacement of the Affordable Care Act (ACA), followed by tax reform. The first test of the House GOP's appetite on the appropriation front will likely be a Defense and Homeland Security spending bill that could be debated on the House floor in the next two weeks. Swift passage of that "mini-bus" spending package with some Democrat support would bode well for additional spending bills to reach the floor before the April deadline.

With regard to the FY18 budget, Senate Democrats' effort to stall Trump's cabinet appointments have caused a ripple effect that will certainly delay the next year's budget and appropriations process as well. For instance, House Members were originally expecting President Trump to submit his preliminary budget sometime in February, which is now likely to be released in March. We have heard that this initial budget will be "very austere" and reflect the new Director of the Office of Management and Budget's (OMB) Mick Mulvaney's promises to his fellow Freedom Caucus members to reduce deficit spending. House and Senate leadership also hope to push through the FY18 budget bill quickly regardless of the spending levels in order to use that budget bill as another procedural mechanism to pass a potential tax reform with a majority vote through the reconciliation process in the Senate just as they intend to use the FY17 budget bill passed earlier this year to repeal the ACA.

Nevertheless, President Trump continues to make major spending promises with a particularly big promise on infrastructure spending. During his address to a joint session of Congress, he asked both Republican and Democrats to work with him on enacting a 1 trillion dollar infrastructure plan. President Trump also emphasized during his address

the need for both public and private financing for infrastructure as well as a roll back of harmful regulations that prevent project delivery and innovation.

The President has yet to release a detailed outline of this infrastructure package, but in speaking with Members and staff on the House Transportation and Infrastructure, we expect to see early drafts over the next couple of months. We also expect the new DOT Secretary Elaine Chao, who was formally confirmed on January 31st, to testify before House and Senate Transportation Committees on specific policy and funding provisions they would like to see in the package in the next month.

January Advocacy Meetings

Congressman Alan Lowenthal – We met with Congressman Lowenthal to discuss the I405 expansion and how the project will relieve congestion and reduce commute times on the busiest highway in the nation. We also updated the Congressman on the status of the TIFIA loans for the I405 project. We also discussed the Santa Ana streetcar and funding included in President Obama's budget in 2016 and status of the current appropriations process.

Congressman Lou Correa – We met with Congressman Correa to discuss the I405 expansion project and the project's TIFIA loan status. We spoke about the reduction in forecasted travel times on the busiest freeway in the nation. We also discussed the Santa Ana streetcar project.

Chairman Bill Shuster – We met with Congressman Bill Shuster, Chairman of the House Transportation and Infrastructure Committee. We discussed the I405 expansion and how the County is working to provide greater transportation capacity while recouping investments with the use of express lanes. We also discussed the Santa Ana Street Car project and what to expect from the next surface transportation legislation as it relates to transit. We also discussed the opportunity with the Trump Administration to include even more environmental streamlining in the future legislation beyond what was done in MAP-21 and the FAST act. Finally we discussed the status our application for a TIFIA loan for the I405. We shared with Chairman how OCTA would save \$350 million in financing costs alone and that these savings could fund additional transportation projects in the region with this DOT loan.

Chairman Jeff Denham – We met with Congressman Denham, Chair of the T&I Railroad subcommittee, to discuss the LOSSAN corridor and goods movement in the region. We spoke about the region's unique transportation and commuter needs and ways to improve existing transportation infrastructure. We also discussed the ongoing implementation of PTC across the nation and reimbursement funding for early implementers of PTC. We also spoke about the limited resources for passenger rail and the need to enhance capacity in densely populated Southern California.

Congresswoman Walters – We briefly met with Congresswoman Walters' transportation staff to discuss the I405 freeway expansion and the Santa Ana street car. We discussed

the benefits the expansion will bring to commuters by reducing congestion and addressing population growth forecasts for the region.

Congressman Rohrabacher – We met with Congressman Rohrabacher and his staff to discuss transportation projects in the region like the I405 freeway expansion and the Santa Ana street car that was included in the FY16 President's budget. We also discussed support for our pending TIFIA loan application and the \$350 million the loan would save local taxpayers in financing costs alone.

House Transportation and Infrastructure Committee – We met with senior staff from the House Transportation and Infrastructure Committee to discuss new infrastructure legislation and the potential to include additional environmental streamlining in that legislation.

Congressman Ed Royce – We met with Congressman Royce to give him an update on the I405 expansion and express lane project. We also discussed the Santa Ana streetcar and the need for congressional support. We also discussed the TIFIA program and the benefits of this financing mechanism for the I405 project.

Congressman Sam Graves – We met with Congressman Sam Graves, Chairman of the Highways and Transit Subcommittee, to discuss the I405 expansion and ways the County is working to relieve congestion. We also discussed TIFIA loan and the need to have the final approval from DOT Secretary.

Congressman Napolitano – We met with senior staff from Congresswoman Napolitano's office to give an update on current and future transportation projects in the County like the I405 expansion and the Santa Ana Streetcar. We also gave an update on the Aviation Fuel tax issue and the need to revisit the issue in the 115th session.

Senator Feinstein – We met with senior transportation staff from Senator Feinstein's office to discuss goods movement in the County and the need for major infrastructure investments to relieve freight congestion in the region. We also gave an update on the I405 expansion project and the need for additional funding for projects that reduce congestion in the region. We also discussed streamlining the application and approval process for programs like TIFIA. We also spoke about the funding for the Santa Ana streetcar that was included in the FY16 President's budget.

Senate Environment & Public Works, Majority Counsel – We met with senior staff to discuss the I405 expansion and the Santa Ana streetcar. We also discussed streamlining the TIFIA loan process. Another item of discussion was several follow up recommendations that can speed project delivery and reduce overall costs on major infrastructure projects.

Trump Transition Team for Transportation and Infrastructure – We talked on the phone with a senior member of the Trump Transition Team for Transportation and

Infrastructure to discuss the administration's project list. We discussed I405 project and the need to approve OCTA's TIFIA loan for the I405 project.

Caltrain Electrification Grant

In February Republicans from the California Congressional Caucus, led by Congressman Jeff Denham, submitted a letter to the new Secretary of Transportation Elaine Chao asking her to halt a \$647 million grant to electrify rail in the Bay Area. On February 17th the Department of Transportation deferred a decision on the grant and said they would consider this funding in the next Presidential Budget.

Executive Orders and Regulatory Reform

The regulatory freeze implemented by President Trump on January 20th is still in effect. The directive has halted all agencies including the Department of Transportation from sending regulations to the office of the Federal Register until the Trump administration can review them. In addition, President Trump signed a new Executive order on February 27th that directs the Army Corps of Engineers and the Environmental Protection Agency to rescind and revamp the WOTUS rule. This EO is the latest in a series of moves by the White House to sweep away regulations from the Obama administration that conservatives have blasted as a drag on the U.S. economy. We are also hearing that there may another order in the coming weeks that targets a separate Obama rule aimed at fighting climate change by curbing greenhouse gas emissions from the power sector.

New Bipartisan Infrastructure Coalition

The Bipartisan Policy Center has announced the formation the "Coalition to Modernize American Infrastructure" to build support for infrastructure investments in the US. The coalition will include the National Association of Manufacturers, the U.S. Chamber of Commerce, the National Governors Association, and the National Association of Regional Councils. The goals of the coalition will be to (1) assert that infrastructure is a national priority to ensure future economic prosperity, (2) support robust, reliable, long term federal funding. (3) support private sector involvement on infrastructure projects and investments, and (4) support the adoption of policies that speed project delivery and reduce costs.