

(Revised 6/4/15)

## General Manager's Report June 8, 2015

### GOVERNMENT AFFAIRS UPDATE

#### FEDERAL

The House and Senate are in session this week. Congress will remain in session all of June and will then recess for the July 4<sup>th</sup> holiday.

June 1, the House Rules Committee approved by a vote of 9-3 a modified open rule for the FY16 Transportation-HUD spending bill. The bill is expected to be on the House floor later this week or early next week. In response, yesterday the White House issued a veto threat (attached) against the House THUD bill, saying, "The bill freezes or cuts critical investment in transportation that creates jobs, helps to grow the economy, and improves America's roads, bridges, transit infrastructure, and aviation systems, benefiting towns and cities across the United States, as well as investments in ending homelessness, strengthening communities, and providing rental housing assistance for poor and vulnerable families." Meanwhile, in an ominous sign that regular order in the FY16 appropriations process may soon break down, Senate Democrats recently made clear that they will try and block any effort to pass any of the FY16 appropriations bills until a broader budget deal is reached.

#### STATE

##### Legislative Update

##### **2015 Budget Conference Committee**

The Budget Conference Committee for the 2015 Budget Act, begins its deliberations on June 1<sup>st</sup> and is expected to complete its reconciliation of the Assembly and Senate budgets adopted last week. The next step is for floor action on the budget conference report next week in time to meet the June 15<sup>th</sup> deadline to send a budget to the Governor.

A key action in the Conference Committee of interest to Sacramento RT is the Assembly proposal to reclassify Pre-Prop 42 debt as a general fund obligation to repay. If adopted by the Conference Committee this will allow the legislature to repay Pre-Prop 42 debt which includes TCRP program funds. A coalition of TCRP eligible project sponsors is working to ensure that the project Conference Committee includes the Assembly proposal in the final budget report.

##### **Legislation of Interest**

##### *Sponsored Bills*

AB 422 (McCarty), Line of credit: This bill has passed the Assembly and was recently referred to the Senate, Transportation & Housing Committee. RT financial staff is scheduled to meet the committee consultants this week.

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AB 738 (B. Gaines), Annexation: This bill is pending assignment in the Senate Rules committee.

AB 869 (Cooper), Fare evasion : This bill is has been referred to Senate, Transportation & Housing Committee.

*Regional Bill*

AB 906 (Cooper), Elk Grove: This measure passed the Assembly floor on June 2<sup>nd</sup> on a 45-10 vote.

*CTA Bills*

AB 1250 (Bloom), Bus axle weights: This measure has just been referred to the Senate, Transportation & Housing Committee.

SB 413 (Wieckowski), Prohibited conduct: This bill is pending at the Assembly desk for referral to committee.

SB 508 (Beall), Fare box: This was recently referred to the Assembly Transportation Committee.

**Brokerage Services and Sale of Carbon Credits**

Staff will be releasing a Letter of Solicitation for brokerage services and the sale of the District's carbon credits. At the June 22, 2015 RT Board meeting, an item will be placed on the agenda for the Board to consider delegating authority to the General Manager/CEO to execute the brokerage services and sale of the carbon credits. Staff is currently drafting a policy for the Board to consider regarding carbon credits. The policy will be presented to the Board in FY 16. This policy will cover future sales and brokerage services for carbon credits.

**RT CALENDAR**

**Regional Transit Board Meeting**

June 22, 2015  
RT Auditorium  
6:00 P.M

July 27, 2015  
RT Auditorium  
6:00 P.M

August 10, 2015  
RT Auditorium  
6:00 P.M

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**Mobility Advisory Council**

July 2, 2015  
RT Auditorium  
2:30 P.M

September 3, 2015  
RT Auditorium  
2:30 P.M

November 5, 2015  
RT Auditorium  
2:30 P.M

**Quarterly Retirement Board Meeting**

June 17, 2015  
RT Auditorium  
9:00 A.M

September 16, 2015  
RT Auditorium  
9:00 A.M

December 16, 2015  
RT Auditorium  
9:00 A.M

**Paratransit Board Meeting**

June 25, 2015  
2501 Florin Road  
6:00 P.M

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

June 1, 2015  
(House Rules)

## STATEMENT OF ADMINISTRATION POLICY

**H.R. 2577 — Transportation, Housing and Urban Development, and Related Agencies  
Appropriations Act, 2016**  
(Rep. Rogers, R-KY)

The Administration strongly opposes House passage of H.R. 2577, making appropriations for the Departments of Transportation, Housing and Urban Development, and related agencies for the fiscal year ending September 30, 2016, and for other purposes. The bill freezes or cuts critical investment in transportation that creates jobs, helps to grow the economy, and improves America's roads, bridges, transit infrastructure, and aviation systems, benefiting towns and cities across the United States, as well as investments in ending homelessness, strengthening communities, and providing rental housing assistance for poor and vulnerable families. At a time when only one in four families who are eligible for housing assistance actually receives it, the bill would set back efforts to end homelessness and shortchange housing support for very low-income households, including families with children, the elderly, and the disabled. The bill also reduces funding for other vulnerable populations, such as low-income children at risk of lead poisoning, and for programs that invest in public housing to revitalize distressed communities. Furthermore, the legislation includes highly objectionable provisions, including provisions that would restrict travel to Cuba, undercut public safety, and limit State and local choices to enhance passenger rail. If the President were presented with H.R. 2577, his senior advisors would recommend that he veto the bill.

Enacting H.R. 2577 and adhering to the congressional Republican budget's overall spending limits for fiscal year (FY) 2016 would hurt our economy and shortchange investments in middle-class priorities. Sequestration was never intended to take effect: rather, it was supposed to threaten such drastic cuts to both defense and non-defense funding that policymakers would be motivated to come to the table and reduce the deficit through smart, balanced reforms. The Republican framework would bring base discretionary funding for both non-defense and defense for FY 2016 to the lowest real levels in a decade. Compared to the President's Budget, the cuts would result in tens of thousands of the Nation's most vulnerable children losing access to Head Start, more than two million fewer workers receiving job training and employment services, and thousands fewer scientific and medical research awards and grants, adversely impacting the pace of discovery and innovation, along with other impacts that would hurt the economy, the middle class, and Americans working hard to reach the middle class.

Sequestration funding levels would also put our national security at unnecessary risk, not only through pressures on defense spending, but also through pressures on State, USAID, Homeland Security, and other non-defense programs that help keep us safe. More broadly, the strength of our economy and the security of our Nation are linked. That is why the President has been clear that he is not willing to lock in sequestration going forward, nor will he accept fixes to defense without also fixing non-defense.

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The President's senior advisors would recommend that he veto H.R. 2577 and any other legislation that implements the current Republican budget framework, which blocks the investments needed for our economy to compete in the future. The Administration looks forward to working with the Congress to reverse sequestration for defense and non-defense priorities and offset the cost with commonsense spending and tax expenditure cuts, as Members of Congress from both parties have urged.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill.

#### Department of Transportation (DOT)

*Surface Transportation Funding.* The Administration strongly opposes the reductions in funding for surface transportation programs, which would essentially preclude new investments while freezing or reducing most major capital accounts below prior-year funding. The President's FY 2016 Budget request is a fully-paid-for plan for six years of increased investment in America's infrastructure. The \$478 billion multimodal proposal includes essential program improvements that would improve safety, support critical infrastructure projects, and create jobs while improving America's roads, bridges, transit systems and railways in cities, fast-growing metropolitan areas, small towns and rural communities across the United States. The Administration looks forward to working with the Congress to enact the GROW AMERICA proposal.

*Amtrak and Rail Safety.* The Administration strongly urges the Congress to support the President's FY 2016 Budget request for current passenger rail service, totaling nearly \$2.5 billion, and fully fund the request for the Federal Railroad Administration's (FRA) Safety and Operations account. The requested funding for passenger rail service would help bring Amtrak's Northeast Corridor infrastructure and equipment into a state of good repair, implement Positive Train Control on Amtrak routes, and support rail service at a time of record ridership. Rather than including funds for those critical investments, the bill reduces Amtrak grants by more than \$1.3 billion below the FY 2016 Budget request and \$250 million below last year's level. In addition, the bill holds FRA's Safety and Operations account flat at FY 2015 levels, denying resources for additional safety inspectors and other improvements.

*Restricting Travel to Cuba.* The Administration strongly objects to language in sections 193 and 414 that would restrict flights and cruise ships from going to Cuba and would place unnecessary restrictions on options for educational, religious, or other permitted travel to Cuba.

*Transportation Investment Generating Economic Recovery (TIGER) Grants.* Compared to the FY 2016 Budget request, the bill would reduce funding for competitive TIGER grants by over a billion dollars, reducing TIGER funding to about 80 percent below the lowest level since the program began in FY 2009. This is despite the fact that the program is vastly oversubscribed due to strong State and local interest, supports some of the most transformative highway, port, and transit projects in the United States, and helps State and local partners leverage public and private dollars.

*Federal Transit Administration (FTA) Capital Investment Grants.* The Administration strongly urges the Congress to fund the requested \$3.25 billion for the FTA Capital Investment Grant

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Program, which provides a share of funding for locally planned, implemented and operated transit capital investments that improve capacity in communities nationwide.

*High Speed Rail.* The Administration also strongly objects to language in section 192 of the bill prohibiting the Surface Transportation Board from taking any action to approve subsequent phases of the California High Speed Rail project between Los Angeles and San Francisco unless the Surface Transportation Board issues a permit for the entire project. The Administration believes passenger rail can play an important role in addressing transportation needs in many parts of the Nation and opposes any attempts to limit State and local choices to enhance passenger rail.

*Infrastructure Permitting Center.* The Administration is concerned that the bill does not provide the requested funding level of \$4 million for the Interagency Infrastructure Permitting Improvement Center, which is essential for developing and implementing reforms that will accelerate and improve the permitting and review of major infrastructure projects. These funds are also critically needed to develop and deploy information technology tools to help track project metrics and schedules that will lead to greater accountability and transparency.

*Federal Aviation Administration's (FAA) Facilities and Equipment account.* The bill provides \$2.5 billion for the FAA Facilities and Equipment account, \$355 million below the FY 2016 Budget request and the lowest funding level in 15 years, even before taking into account inflation. At this level, the FAA would be hampered in its ability to maintain the capacity and safety of the current National Airspace System and would be required to slow the modernization of the Nation's air traffic system through NextGen—the next generation of air traffic control technology. Continuing to defer maintenance would deteriorate the current air traffic control system, and coupling that deterioration with delaying NextGen could lead to worsening air traffic delays and higher replacement costs in the future.

*Washington Metropolitan Area Transit Authority (WMATA).* The Administration is strongly concerned about the dramatic reduction in funding for transit services in the Nation's capital. The bill would reduce funding for WMATA from the FY 2016 Budget request of \$150 million, which is consistent with enacted appropriations for FY 2015 and previous years, to \$100 million. These reductions could jeopardize the safety improvements that WMATA is in the process of making.

*Safe Transport of Energy Products.* The Administration is concerned that the bill does not provide adequate funding for the Department to continue and further its focus on the safe movement of energy products throughout the transportation system by supporting enhanced inspection levels, investigative efforts, research and data analysis and testing in the highest risk areas. The Administration appreciates that the bill provides an increase of \$8 million for the Hazardous Materials Safety account. However, holding the Federal Railroad Administration's Safety and Operations account flat at FY 2015 funding levels inhibits its ability to hire critically needed safety inspectors to focus on the movement of crude oil across the Nation.

*Highway and Motor Carrier Safety.* The Administration strongly objects to language in sections 124, 125, 126, and 132 that would undercut public safety, including by letting the trucking industry avoid truck size and weight limits and by preventing data-driven changes that would improve safety for all travelers by addressing truck driver fatigue ("Hours of Service"). In

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particular, section 132 would undermine the Administration's existing regulatory work to ensure appropriate standards for commercial truck drivers' rest. The bill imposes criteria that would in all likelihood be impossible to meet, therefore preventing critical safety provisions from taking effect. This provision combined with the troubling changes to truck size and weight limit could significantly compromise safety on our Nation's roads.

*Digital Accountability and Transparency Act of 2014 (DATA Act).* The Administration urges the Congress to fully fund the FY 2016 Budget request for DOT to implement the DATA Act. This funding will support the Department's efforts to provide more transparent Federal spending data, such as updating information technology systems, changing business processes, and employing a uniform procurement instrument identifier.

*U.S. Digital Service Team.* The Administration urges the Congress to fully fund the FY 2016 Budget request for DOT to develop a U.S. Digital Service team. This funding will support the Department in managing the agency's digital services that have the greatest impact to citizens and businesses.

#### Department of Housing and Urban Development (HUD)

*Housing Choice Vouchers.* The Administration strongly objects to the \$19.9 billion in funding provided for the Housing Choice Vouchers program. This funding level is \$1.2 billion less than the FY 2016 Budget request and fails to restore the 67,000 vouchers lost due to the FY 2013 sequestration, is insufficient to renew 28,000 existing vouchers, and does not provide full funding for tenant protection needs. The bill also provides inadequate funding for the Voucher program's administrative fees so that Public Housing Authorities can ensure that units are safe and habitable. These reductions are only more problematic in light of new research released recently that found large positive effects of housing vouchers on long-term educational and earnings outcomes for young children.

*Choice Neighborhoods.* The Administration strongly opposes the \$20 million funding level provided for Choice Neighborhoods, a key part of the President's Promise Zones initiative to accelerate economic mobility and revitalization in high-poverty communities. This reduction of 75 percent from the FY 2015 level and \$230 million below the President's FY 2016 Budget request would leave the program unable to fund even a single implementation grant at the average current grant size, leaving dozens of distressed communities untouched. This reduction is particularly problematic given how recent research mentioned above and events in Baltimore and other communities make clear the negative consequences of concentrated poverty for children.

*Homeless Assistance Grants.* The Administration strongly opposes the funding level for Homeless Assistance Grants, which is \$295 million below the FY 2016 Budget request. Since FY 2010, the Administration has made substantial progress toward the goal of ending homelessness; the bill would set back these efforts, supporting 15,000 fewer homeless or at-risk families with rapid rehousing and 25,500 fewer units of permanent supportive housing targeted to the chronically homeless.

*Federal Housing Administration (FHA) Administrative Fee and Funding.* The Administration urges the Congress to adopt the proposed new fee on FHA lenders and provide the full FY 2016 Budget request of \$174 million for FHA administrative expenses. The request would lower

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taxpayer risks and improve access to mortgage credit for underserved borrowers by enabling FHA to both strengthen and clarify its lender oversight and compliance policies.

*HOME/Housing Trust Fund (HTF).* The Administration strongly opposes the \$767 million funding level for HOME, a reduction of more than \$130 million from its FY 2015 funding level, and the bill's diversion of anticipated HTF collections to the HOME program. By transferring funds from HTF to HOME, the bill effectively eliminates the HTF program, and provides \$283 million, or 24 percent, less than the FY 2016 Budget request for these two programs. The Administration strongly urges the Congress to support HOME and the HTF, as each program complements the work of local leaders to develop affordable housing for both extremely low- and low-income families.

*Housing Counseling.* The Administration opposes the \$47 million in funding for HUD's Housing Counseling program, which is \$13 million, or 22 percent, below the FY 2016 Budget request. Housing counseling is an important resource in helping households achieve sustainable homeownership or find quality, affordable rental housing.

*Lead Hazard and Healthy Homes.* The Administration strongly opposes the \$75 million funding level for HUD's Office of Lead Hazard Control and Healthy Homes. This level, which is more than 30 percent below its FY 2015 funding level and \$45 million below the FY 2016 Budget request would result in at least 3,400 fewer low-income children receiving lead hazard control in their homes.

*Public Housing Programs.* The Administration opposes the \$6.1 billion in funding provided for the Public Housing Operating Fund and Capital Fund programs. This funding level is \$449 million below the FY 2016 Budget request, and would delay necessary maintenance and capital improvements that would improve the deteriorating living conditions of low-income families. The Administration also urges the Congress to provide the \$50 million requested for the Rental Assistance Demonstration (RAD) and to eliminate the 185,000 unit cap on RAD to preserve additional underfunded public housing properties at risk of loss, by converting them to long-term Section 8 contracts.

*Information Technology (IT) and Digital Services.* The Administration strongly opposes the \$100 million appropriation for HUD's Information Technology Fund, \$234 million below the FY 2016 Budget request. This funding level provides HUD with less than half of the necessary funding for basic IT operations and would likely require shutdown of core IT systems as well as cancellation or deferral of all development, modernization and enhancement projects, putting every element of HUD's core mission at risk. Further, the failure to fund a U.S. Digital Service team represents a missed opportunity to improve key agency services and programs that impact the public.

*Technical Assistance and Research.* The Administration urges the Congress to provide sufficient funding for technical assistance and research, which are critical to support effective operation of HUD programs and inform sound policymaking. The bill provides no funding for technical assistance and only \$52.5 million for research, which in total is \$77.5 million below the FY 2016 Budget request.

*Energy Efficiency Requirements in HUD-Assisted Housing.* The Administration opposes the inclusion of language in section 232 that would undermine Federal energy efficiency



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requirements in HUD-assisted housing by prohibiting the use of FY 2016 funding to require energy efficiency standards in HUD-funded construction that exceed that of State or local building codes.

The Administration looks forward to working with the Congress as the FY 2016 appropriations process moves forward.

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