



## Government Relations & Public Affairs Committee

## Item #13-4-6 Information

April 1, 2013

### Federal Advocacy Update

**Issue:** Report on federal advocacy efforts.

**Recommendation:** None; this is for information only.

**Discussion:** SACOG staff visited Washington, D.C. during the week of March 11 for a series of advocacy meetings with Members of Congress and key federal agencies. SACOG Chief Executive Officer Mike McKeever, Board Chair Mary Jane Griego, and staff member Erik Johnson utilized the recently amended SACOG Federal Advocacy Principles to discuss both the Water Resources Development Act (WRDA) legislation and the anticipated reauthorization of MAP-21, the federal surface transportation authorization law. Attachment A is a summary of the meetings from the trip. Attachment B is a memo from our federal advocate, Mike Miller with The Ferguson Group, summarizing recent activity on WRDA.

Additionally, SACOG staff will participate in the Metro Chamber's annual Cap-to-Cap program during the week of April 15. SACOG staff has also participated in Cap-to-Cap team meetings to advance the issue papers and appointments associated with this year's advocacy program. There will be additional Metro Chamber team meetings prior to Cap-to-Cap, which takes place April 13-17. SACOG staff can help provide information on the individual team meetings for Transportation, Land Use and Natural Resources, Agriculture and Food, Flood Protection, and Water Resources.

Approved by:

Mike McKeever  
Chief Executive Officer

MM:RS:EJ:ef

Attachments

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### Summary of SACOG Meetings in Washington, D.C.

The week of March 11, SACOG Chief Executive Officer Mike McKeever, Board Chair Mary Jane Griego, and legislative staff Erik Johnson met with Members of Congress and federal agency staff in Washington, D.C.

The SACOG delegation shared SACOG's Federal Advocacy Principles and information on the RUCS project, MTP/SCS, and the North State Water Alliance. The meetings were helpful, but the media reports about the stalemate in Congress over the budget and the turnover in the Administration's second term are an accurate depiction of the mood in Washington.

<b>Meeting</b>	<b>Subjects Discussed</b>
Astor Boozer, Western Regional Conservationist, Natural Resources Conservation Service	Farm Bill, NRCS grant programs
Beth Osborne, Deputy Assistant Secretary for Transportation Policy, U.S. Department of Transportation	MAP-21 implementation, Partnership for Sustainable Communities
John Frece, Director, Office of Smart Growth, and John Thomas, Director, Community Assistance and Research Division, U.S. Environmental Protection Agency	MAP-21 implementation, Partnership for Sustainable Communities
Shelley Poticha, Director, Office of Sustainable Housing and Communities, U.S. Department of Housing and Urban Development	MAP-21 implementation, Partnership for Sustainable Communities, Performance Partnership
Shant Boyajian, Counsel, and Jeff Boarman, Counsel, House Transportation & Infrastructure Committee	WRDA, MAP-21 implementation
Karmen Fore, Minority Staff, House Transportation & Infrastructure Subcommittee on Highways and Transit	MAP-21 implementation, transportation authorization
Tyler Rushforth, Senior Counsel, Senate Environment and Public Works Committee	WRDA, MAP-21 implementation
Congressman John Garamendi and staff	BDCP, WRDA, MAP-21 implementation, transportation authorization, Partnership for Sustainable Communities
Congressman Doug LaMalfa and staff	WRDA, Partnership for Sustainable Communities
Congresswoman Doris Matsui and staff	WRDA, FTA Small Starts
Office of Congressman Ami Bera	WRDA, Partnership for Sustainable Communities
Office of Congressman Jerry McNerney	Transportation authorization, Partnership for Sustainable Communities
Office of Congressman Mike Thompson	WRDA, Farm Bill, Partnership for Sustainable Communities

To: Sacramento Area Council of Governments  
From: Mike Miller  
Re: Capitol Hill Update  
Date: April 1, 2013

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*Sequester Update and PILT Example.* Sequestration was triggered in March due to the inability of Congress and the Administration to reach an agreement on deficit reduction. A few specific negative impacts have already been noticed – including long lines at Capitol Hill building entrances due to Capitol Hill Police Department cutbacks – but it is unclear how broadly and deeply sequestration has or will impact federal government operations generally. There is currently no indication of any ongoing negotiations to alter sequester.

One program of significant interest to counties is near immediate impacts to the Payment In Lieu of Taxes Program (PILT). PILT provides funding to local governments to help offset losses in property taxes due to nontaxable federal lands within their boundaries. PILT payments help fund firefighting and police protection, public infrastructure and school construction, and other local government activities.

On March 6 Interior Secretary Ken Salazar informed County recipients of Payment In Lieu of Taxes (PILT) that program cuts due to sequester will result in a 5.1% reduction in June 2013 payments. TFG recently communicated with PILT staff and discussed a rough formula for calculating 2013 payments. Please note the formula provides only a very rough estimate and the actual formula is still pending:

- Inflate your 2012 PILT payment by 3%; then
- Multiply that figure by .949 (the 5.1% sequester reduction) to arrive at a ballpark estimate of your 2013 payment.

PILT was discussed at length in a March 19 Senate Energy & Natural Resources Committee hearing. Several senators indicated strong support for reauthorizing the PILT program which, without additional action, is set to expire on September 30, 2013.

*FY 2013 Continuing Resolution.* In March Congress passed and the President signed a continuing resolution providing funding for all federal agencies through September 2013. Many departments and programs received steady state funding or had their funding reduced by only the amount required under sequestration. Some agencies and programs were, however, hard hit by the CR. For example, the Senate cut approximately \$700 million from the budget of the Environmental Protection Agency, in addition to rescinding \$50 million in previously appropriated, unspent grants to the states for the clean water and drinking water state revolving

loan funds (SRFs). Of the \$700 million in cuts, \$610 million will come out of the State and Tribal Grants Assistance (STAG) account which funds the SRFs and other grant programs.

The CR also includes cuts for the Army Corps of Engineers. The CR provides for a total pre-sequester appropriations level of \$36.7 billion for Energy and Water Development appropriations which includes funding for the Corps; this amount is \$85 million less than the House-passed CR. The Corps of Engineers Construction Account was cut by \$20 million, bringing the account to a level of \$1.67 billion. Overall, the Corps of Engineers' budget fell to approximately \$4.7 billion, more than six percent below the FY 2012 level.

*Water Resources Development Act (WRDA).* The first full step has been taken to advance the Water Resources and Development Act (WRDA) 2013 legislation. On March 20, the Senate Environment and Public Works (EPW) Committee approved a bipartisan bill, S. 601, introduced by Chairwoman Barbara Boxer (D-CA) and Ranking Member David Vitter (R-LA). The bipartisan markup fulfilled a commitment to make water resources legislation the Committee's first priority. The bill is heavy with policy provisions in part due to the authors' shared objective of reforming the Corps of Engineers Civil Works process and in part due to the relative absence of earmarked projects in what is traditionally a project dominant bill.

Notwithstanding a lack of earmarks, a path forward for specific project funding was included in the bill in the form of a generic project authorization provision approves the construction of those projects that have the requisite Corps of Engineers Chief's Report. The bill also fixes a significant problem, violations of Section 902(b), in which ongoing projects were halted and projects were prevented from starting construction because project costs rose higher than authorized in law. The bill's "project acceleration" provision is modeled on the process streamlining provisions of MAP-21, which the same committee produced in the prior Congress. It is accompanied by a "study acceleration" section and other provisions designed to reduce the long time it typically takes for a water resources project to emerge from the Corps of Engineers study, planning, design, and construction stages.

The Senate WRDA bill includes provisions to deauthorize projects either because of a lack of funding or because they are recommended for project deauthorization by a commission established by the bill. The deauthorization provisions were included in an effort to secure a lower cost estimate from the Congressional Budget Office of spending under the bill. There is a \$62 billion backlog of Corps authorized projects. The bill essentially restates the law as it has evolved since 1986. The Corps of Engineers is required to annually report to Congress on projects that have not been funded for a period of five years. Projects on the list are subject to being deauthorized, thus making them ineligible for future funding. The provision goes on to create a new base closure-like commission that identifies projects and recommends them for deauthorization, unless Congress disapproves. Projects that have been funded within the last 10 years or were authorized by Congress since WRDA 1996 are not to be deauthorized by the commission.

The House Transportation & Infrastructure Committee is moving on a slower track but Committee leaders have confirmed recently WRDA is their first priority. In contrast to Senate

counterparts, House committee staffers have not begun assembling a draft bill. Instead the focus is on educating committee members and their colleagues in the House who are not familiar with water resources legislation, how the Corps of Engineers develops projects, or even why the federal government should be engaged in this area.

The Obama Administration recently outlined its recommendations for a water resources bill. A March 14 letter from Assistant Secretary of the Army for Civil Works Jo-Ellen Darcy to the Senate Environment and Public Works Committee supports watershed planning, process improvement and authorization of projects “most likely to generate a high return to the nation,” none of which represent new policy direction. The letter suggests that Congress “re-examine the federal role following a flood in reconstructing public infrastructure including levees and other flood and storm damage reduction features.” It suggests reconsideration of “law and policies that influence where and how we rebuild.” Assistant Secretary Darcy further calls on Congress to “retroactively revise the stated purpose” of all existing Corps of Engineers authorities that include “flood control, storm or hurricane protection, or shore protection as a project purpose.”

*Municipal Bonds and Tax Exemption.* As Congress continues looking for ways to address deficit spending it has become clear that the tax exempt status of municipal bond interest may be on the table for discussion. According to the Congressional Joint Committee on Taxation, the exemption costs the federal government \$177.6 billion over five years. However, repealing the status completely would have cost local governments \$495 billion in interest expenses over the past decade. A coalition of more than 50 groups representing local and state governments and the infrastructure industry sent a letter to Senate leadership urging them not to undermine this important financing tool. The letter noted any change to the tax-exempt status would result in less infrastructure spending and negatively impact the economy. We are tracking this issue closely.

*Flood Insurance.* On March 12, the House approved a bill seen as a first step toward authorizing the Federal Emergency Management Agency (FEMA) to issue group flood insurance policies for communities. H.R. 1035 was approved, 397-17. The measure, sponsored by Representative Gwen Moore (D-WI), would require FEMA to conduct a study of how such group flood insurance policies, akin to group health insurance policies, could be designed. The hope is that by increasing the scale of policies, risk could be spread more broadly and administrative costs could be lowered, ultimately lowering rates. There is a precedent for such an approach, since FEMA has already issued group insurance policies for disaster victims who received assistance under the Stafford Disaster Relief and Emergency Assistance Act, although those were short-term policies.

*Transportation Secretary Nomination Status.* The Administration has not formally announced its nominee to replace retiring Secretary Ray LaHood. Sec. LaHood remains at the helm of DOT and the field of possible replacements appears to have widened rather than narrowed in the past few weeks. The White House has not announced a timeline for action on this matter.