

SAN LUIS OBISPO COUNCIL OF GOVERNMENTS

STAFF REPORT

MEETING DATE: MARCH 3, 2010

SUBJECT: UPDATE ON FEDERAL JOBS FOR MAIN STREET ACT OF 2010

SUMMARY

The purpose of this staff report is to update the Board on the status of H.R. 2487 (the Jobs for Main Street Act of 2010) following its approval by the House of Representatives in December and sent to the Senate for action. The House jobs stimulus bill included funding for a number of major programs, including \$27.5 billion for highways and \$8.4 billion for transit. (See attached summary). The House bill also included a one-year extension of the previous Surface Transportation Act (SAFETEA-LU) which expired in September 2009 and was extended to February 28, 2010.

When the House bill was forwarded to the Senate, it developed its own version that primarily focused on tax incentives to encourage hiring. The proposed Senate bill does not include any stimulus funding. It is expected that the Senate will complete action on the bill by the end of February in order to meet the deadline for the extension of SAFETEA-LU.

The Senate Democratic leadership has noted their intention to come back in the near future with a bill that is focused on transportation infrastructure, but it is unknown when that will happen. Caltrans staff have been informed by Senate Transportation and Infrastructure staff that project planning and programming activities should continue for the time being based on the funding provisions included in the House bill.

RECOMMENDATION

Staff: Information item

TTAC/CTAC: To be presented

DISCUSSION

Congress began consideration of a second economic stimulus bill to follow-up on the American Recovery and Reinvestment Act of 2009 in the second half of 2009. In December, the House of Representatives completed action on the H.R. 2847, The Jobs for Main Street Act of 2009, which included two elements:

- Provided an infrastructure program totaling \$75 billion for a wide range of programs, including \$26.5 billion for highways, \$8.4 billion for transit, \$4.1 billion for school renovation, and funding for hiring teachers, police, and firefighters, small business, job training and affordable housing, (see Attachment A); and
- The Surface Transportation Extension Act of 2010 which provided a one year extension of SAFETEA-LU. This extension authorizes "status quo" funding of \$38.4 billion for highways and \$7.1 billion for transit. (Attachment A)

Following the House approval of H.R. 2847 the Federal Highway Administration directed all State Departments of Transportation to begin planning for the programming of projects to be funded through the new legislation. Caltrans immediately began working with regional transportation planning agencies to carry out this direction. Following consultation with Caltrans, in February SLOCOG staff brought the results of this planning to the Board for action. At that time the Board approved the following actions:

1. Submittal of joint SLOCOG-Caltrans application for statewide competitive funding to widen Santa Maria River Bridge and expand Highway 46 East Corridor to four lanes.
2. Develop of a Regional and Local Project Submittal based on expected State guidelines.
3. Support for an RTA request for preventive maintenance expenses and purchase of up to five buses.

4. In addition, at direction of the Federal Highway Administration, SLOCOG approved an amendment to the Federal Transportation Improvement Program (FTIP) covering a total of \$104 million in Federal funding expected to be programmed as a result of the new Federal jobs bill and other funding as a contingency action.

SLOCOG staff are continuing to work with Caltrans staff to implement the direction of the SLOCOG Board on February 3, 2010. Staff have also been informed by Caltrans staff that we should continue to plan for the programming of transportation infrastructure based on the provisions of the House bill.

In January the Senate began consideration of its own version of a second economic stimulus plan, which initially involved what was thought to be a final review and approval of and \$80 billion bill that was very similar to the House bill but also contained significant tax breaks designed to spur businesses to make new hires. A number of concerns were raised about the cost and need for the bill, which led the Senate leadership to withdraw the bill. It was quickly revised, with all of the infrastructure funding eliminated. The new bill includes two major elements:

- The Hiring Incentives to Restore Employment Act (HIRE), which approaches job creation and business stimulation through tax credits and incentives for hiring and expansion, and
- The Surface Transportation Extension Act of 2010 which provides a one year extension of SAFETEA-LU through December 2010 and provides funding for highways and transit at about the same levels as the House bill status quo funding.

Next Steps:

Once the Senate finalizes its bill a joint House and Senate Conference Committee will be established to confer and consolidate the provisions of both in a single bill acceptable to both bodies. It is unclear at this time what form the final bill will take, however action is expected by the beginning of March. As appropriate, based on action by Congress, staff will bring back further action.

Staff will continue to monitor progress and agendize for action as necessary. Programming options were discussed at the February SLOCOG Board meeting. Staff recommends agencies continue to refine projects for possible programming under the provisions of HR 2847.

ATTACHMENT A

Summary of Transportation Related Provisions in H.R. 2847 Approved by the House of Representatives.

Summary of The Jobs for Main Street Act of 2010:

1. Like the Recovery Act, there is no proposed relief from existing DBE, Buy America, programming, contracting, or other federally mandated project development and delivery requirements.
2. Continues existing Recovery Act 1201 Maintenance of Effort requirements and penalties, using existing Recovery Act reporting requirements.

Federal Highway Administration: \$27.5 billion (California Share estimated at \$2.555 billion)

1. \$27.5 billion (subject to program takedowns described below) made available to States for projects and activities including restoration, repair, and construction, and Passenger and Freight Rail and Port Infrastructure, and funds must be apportioned within 21 days of enactment
2. Project priorities: Completion within 3 years; targeted to economically distressed areas under 1965 Public Works Act; and equitable geographic distribution of addressing rural and urban needs
3. Use it or lose it: 50% of funds must be awarded within 90 days of apportionment and remainder must be awarded within 1 year
4. Set Asides for State Apportionments; 3% Transportation Enhancements (TE), and 30% to be suballocated within each state by population per modified Regional Surface Transportation Program (STP) distribution
5. Federal share is up to 100%

Federal Transit Administration \$8.4 Billion for Capital Assistance funding with up to 10% used for operating expenses

1. \$100 million set aside for greenhouse gas reduction transit grants with the remainder allocated to states as follows: 80% for 5307 program grants; 10% for 5311 program grants; 10% to states by the 5340 formulas (Growing States and High Density States formulas); and a Federal share of 100%
2. Use it or lose it: 50% of funds must be awarded within 90 days of apportionment, and the remainder awarded within 1 year
3. Capital Investment Grants \$500 million for Major Capital Investment Grants under discretionary allocation by US DOT Secretary, priority given to projects that can award within 90 days of enactment

Federal Railroad Administration (AMTRAK) \$800 million for fleet modernization

Federal Aviation Administration: \$500 million for Grants In Aid to Airports, grants must be awarded within 120 days of enactment and up to 100 percent federal share.

SENATE VERSION

None of the above provisions for transportation infrastructure or public transit is included.