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Historic 2008 Election Brings Change to White House, Congress

With the state of the economy on the forefront of everyone's minds, it was no surprise that the electorate overwhelmingly voted for change on November 4, 2008 by choosing Senator Barack Obama as the next Commander in Chief. President Obama was quick to begin work assembling a team of trusted economic advisors, and has said the current state of the economy is his top goal – he wants to see a stimulus bill ready for his signature by President's Day. That stimulus package, which will look to favor policies of job creation, homeowner assistance, and tax cuts over the rebate check method employed in the first stimulus package, is currently making its way through Congress.

As for his administration's stance on infrastructure, we are pleased to see that infrastructure spending comprises a large part of Obama's stimulus plan. In addition, the President has recognized that "there are no Republican or Democrat bridges," by choosing former Republican Illinois Congressman Ray LaHood for the position of Secretary of Transportation.

There will be dramatic changes in Congress, as well, with Democrats extending their leadership margin in the House to 256-178; and in the Senate, there will be at least 56 Democrats to the Republicans' 41 (with 2 Independents who will caucus with the Democrats, and one seat still undecided). While at first glance, this may seem to indicate that Democrats will be able to push through any legislation they want, they are still short of a veto-proof majority in both houses, so we will definitely see some collaboration across-the-aisle.

A Republican Joins Obama's Cabinet as Secretary of Transportation



Newly-confirmed Secretary of Transportation, Ray LaHood, most recently served the 18th District of Illinois, which comprises the central, western portion of the State and includes the cities of Peoria and Springfield. LaHood, a Republican, was first elected to this position during the "Republican Revolution" of 1994, but he famously did not sign then-Speaker Newt Gingrich's "Contract with America." (He was one of only three Republicans who did not.) Prior to his service in Congress, LaHood served as a

Representative in the Illinois House of Representatives, and before that, he was a high school teacher.

LaHood most recently served on the House Appropriations Committee, where he was the Ranking Member of the Select Intelligence Oversight Panel. He served on the House Transportation and Infrastructure Committee for six years, from 1995-2000. He did not work on transportation appropriations in his position on the Appropriations Committee.

While he is well-regarded by Republicans and Democrats alike, some argue that his nomination is more of a symbolic gesture of bi-partisanship due to his lack of recent experience in transportation matters. This year in particular will be important for transportation policy, with the surface transportation reauthorization looming ahead, and some believe that the new administration may take some cues from powerful Transportation and Infrastructure Committee Chairman James Oberstar (D-MN).

First Northstar Locomotives Ready for Service

Over the summer, representatives from the Northstar Commuter Rail project in Minnesota had an opportunity to travel to Boise, Idaho to visit the production plant for Northstar's locomotives. What is particularly interesting about this process is that these locomotives are partially "recycled" – the underlying structures (the frames and engine blocks) have been repurposed from older locomotives, upon which the craftsmen at the production plant build the new components. By doing this, Northstar has saved roughly \$1million per locomotive. In addition, this has kept U.S. master craftsmen in their jobs, which is an important consideration in these tough economic times.

After many years of hard work to get this project off the ground and through the rigorous Department of Transportation Full Funding Grant Agreement process, it is exciting to see these hopes and dreams start to become reality.

Below left, Anoka County Commissioners Dan Erhart and Dennis Berg get ready to board the first Northstar locomotive. We look forward to joining the Commissioners this November when the ribbon is cut, starting commuter rail service in Minnesota.

Below right, four Northstar locomotives pass through Big Lake, Minnesota on their way from Idaho to their final destination.



(Photos Courtesy of Jon Olson, Anoka County Public Services)

The Obama-Biden Stimulus Plan – What Does It Do For Infrastructure?

The Obama-Biden administration released the details of its nearly \$800 billion economic stimulus plan earlier this month. The Obama-Biden plan contemplates an immediate \$25 billion investment into a “Jobs and Growth” fund that would be available for in-progress and fast-tracked infrastructure projects and school repairs, which would equal roughly 1 million jobs either created or saved. Additionally, the Obama-Biden plan would create a National Infrastructure Reinvestment Bank wherein a sum of \$60 billion in federal money over the course of 10 years would be made available for transportation infrastructure projects nationwide. This money would be in addition to the federal surface transportation formula funding currently in place. The Obama-Biden plan does not list “earmarks” for specific infrastructure projects, and Obama himself has said he is against such an idea.

President Obama and his team have been shopping this proposal around the Hill in

recent days. While everyone agrees that quick action is necessary, Obama may be in for some pushback from his own Democratic colleagues. A number of Democrats (with the support of many Republicans) would like to see an enhanced focus on domestic energy production in the stimulus bill. In addition, a fair number of Members of Congress from both parties are against the very first item on the Obama-Biden Plan, a proposed \$3000 tax credit to employers for each additional full-time employee hired.

House Speaker Nancy Pelosi (D-CA) has emphatically stated that President Obama needs to stick to his campaign promise of ending tax cuts for the wealthiest Americans, a promise on which Obama has recently been wavering. Despite these issues, however, Pelosi has committed to producing a bill for the new President’s signature by mid-February, promising to cancel the scheduled President’s Day recess if a bill is not ready by then.

Chairman Oberstar has the Right Plan – *This is How to Stimulate the Economy*

While President Obama and his administration have been dutifully making the rounds to promote the infrastructure investment merits of the Obama-Biden Plan, manifested in H.R. 1, House Transportation and Infrastructure Committee Chairman James Oberstar (D-MN) has been formulating a plan of his own. Oberstar’s “Rebuild America” proposal for infrastructure investment is similar only in its ultimate price tag - \$85 billion. The breakdown of Oberstar’s plan is as follows:

- Highways and Bridges, \$30.25 billion
- Transit, \$12 billion
- Rail, \$5 billion
- Aviation, \$5.25 billion
- Environmental Infrastructure, \$14.275 billion
- U.S. Army Corps of Engineers, \$7 billion
- Federal Buildings, \$10 billion
- Economic Development Administration, \$400 million

- Coast Guard, \$734 million
- Maritime Administration, \$55 million
- St. Lawrence Seaway, \$45 million

Oberstar’s proposal would require that these funds be used only on “ready-to-go” projects – projects that could award contracts within 90 days of enactment. His proposal also requires that the materials – steel, iron, and manufactured goods – necessary for these projects be manufactured in the United States. Recipients of funds would be required to submit a master plan of projects to ensure equitable distribution of funds. Finally, the Federal agencies administering the funds would be required to submit reports to Congress at regular intervals to ensure transparency and accountability. Under the Oberstar proposal, the Department of Transportation and the Environmental Protection Agency would disburse funds to States, cities and transit agencies within seven days of enactment.

House Weighs In on Stimulus Bill, Senate Follows Suit

Chairman David Obey (D-WI) of the House Appropriations Committee took the first stab at drafting stimulus legislation from the Congressional perspective. His version of the bill, H.R. 1, “The American Recovery and Reinvestment Act of 2009”, was introduced on January 26, after it had been marked up within the Appropriations Committee.

On January 28, the House voted on the bill, which passed with a vote of 244-188. Despite President Obama’s visits with House Republicans to advocate for the bill, no Republicans voted for it, and in fact, 11 Democrats also voted against it.

Amendments that passed on the House floor included a Transportation and Infrastructure Committee-supported change to the length of time in which funds had to be obligated. Obey’s original version included language that required fund recipients to obligate at least 50% of the funds within 120 days. The amendment decreases the number of days to 90. Another amendment requires that States may not substitute stimulus funds received to take the place of existing funds already obligated by States for transportation projects.

A third amendment increases the funding for transit capital by \$3 billion, for a total of \$9 billion.

Therefore, the overall picture of the House-passed bill is as follows:

- \$46.1 billion for programs within the Department of Transportation
- 90-day “use it or lose it” requirement for 50% of the funds
- Transit capital funding increased from \$6 billion to \$9 billion
- Recipients may not replace their own already-obligated funds with stimulus funds

The Senate Appropriations Committee, led by Senator Daniel Inouye (D-HI) released the details of its version of the bill, S.336, on January 27. The Senate bill would provide \$27 billion for highways and bridges, but would allow for more flexibility on how recipients could use the funds. \$8.4 billion is included for transit, less than the amount in the House version (as amended), out of which \$250 million is designated for intercity passenger rail and \$2 billion for high speed rail over the 11 FRA-designated corridors. Funding would be available until September 30, 2011.

The Senate bill was reported as passed out of the Appropriations Committee (however no committee report exists *as of yet*), and it now must be considered by the Senate as a whole. Word has been circulating that Republicans

will be making more of a push to have their version of a stimulus package (i.e. tax cuts for small businesses, etc.) considered in the Senate, since it did not gain any traction in the House.

House and Senate Appropriators Announce Further Earmark Reforms

The House and Senate Appropriations Committees have recently announced several additional reforms for Fiscal Year 2010 bills. These new reforms build on the policies enacted last year, which included instituting rules for transparency and adopting significant reductions in total dollar amounts for earmarks.

For FY 2010, Members will be required to post information on their earmark requests on their website. Additionally, a table of earmarks to be included in a bill will be made publicly available on the same day the Subcommittee of jurisdiction reports the bill. Bills that are not marked up in Subcommittee will have a table of their earmarks made publicly available at least 24 hours before the Full Committee considers the bill. Lastly, the House and Senate Appropriations Committees aim to cut spending on earmarks even further, by 50% of the 2006 level. A longer-term goal of keeping earmarks to less than 1% of discretionary spending has also been announced.

111th Congress, First Session – Committee Leadership Assignments

House Transportation and Infrastructure:

Chair – James Oberstar (MN)

Ranking Member – John Mica (FL)

Highways and Transit Subcommittee:

Chair – Peter DeFazio (OR)

Ranking Member – John J. Duncan, Jr. (TN)

Senate Banking, Housing and Urban Affairs:

Chair – Christopher Dodd (CT)

Ranking Member – Richard Shelby (AL)

Transportation Subcommittee:

Chair – Charles Schumer (NY)

Ranking Member – Mike Crapo (ID)

House Appropriations:

Chair – David Obey (WI)

Ranking Member – Jerry Lewis (CA)

Transportation Subcommittee:

Chair – John Olver (MA)

Ranking Member – Tom Latham (IA)

Senate Commerce, Science and Transportation:

Chair – Jay Rockefeller (WV)

Ranking Member – Kay Bailey Hutchison (TX)

Transportation Subcommittee:

Chair – Frank Lautenberg (NJ)

Ranking Member – Kay Bailey Hutchison (TX)

Senate Appropriations:

Chair – Daniel Inouye (HI)

Ranking Member – Thad Cochran (MS)

Transportation Subcommittee:

Chair – Patty Murray (WA)

Ranking Member – Kit Bond (MO)

Senate Environment and Public Works:

Chair – Barbara Boxer (CA)

Ranking Member – James Inhofe (OK)

Transportation Subcommittee:

Chair – Max Baucus (MT)

Ranking Member – Johnny Isakson (GA)

Northern Lights Express Receives Federal Grant

The Minneapolis-Duluth Superior Passenger Rail Alliance, advocating on behalf of the Northern Lights Express rail project, recently won a Federal Railroad Administration Grant in the amount of \$1.1 million. The grant will go towards developing options for passenger rail service between the Twin Cities and Duluth. The project was chosen as one of only fifteen nationwide to receive grants.

A huge supporter of passenger rail, House Transportation and Infrastructure Committee Chairman James Oberstar (D-MN) personally presented the grant to members of the Rail Alliance.

Alliance members include the rail authorities in Hennepin, Anoka, Isanti, Pine and St. Louis and Lake Counties, the Cities of Minneapolis and Duluth, and the Mille Lacs Band of Ojibwe. Wisconsin members include Douglas County and the City of Superior.

Your team at CAPITAL PARTNERSHIPS (VA), Inc., along with John R. Brimsek, was proud to have helped secure this grant and will be working hard in the upcoming appropriations cycle to identify additional funds.

The Road Ahead...

Some of the items we'll be keeping our eyes on include:

- Floor consideration and passage of the Senate version of the stimulus bill
 - Upon Senate passage, monitoring the Conference deliberations
- Completion of outstanding FY 2009 Appropriations bills in an Omnibus Appropriations bill
- Beginning of the FY 2010 Appropriations cycle, including Member request deadlines and Subcommittee allocations
- The Surface Transportation Program reauthorization process will begin in earnest this year
- Who will be filling the top positions within our target Federal agencies