

INTER OFFICE MEMO

To: Marketing, Planning & Legislative Committee

Date: November 20, 2021

From: Rick Ramacier
General Manager

Subject: Federal Legislative Update

Summary

Within the last two weeks, milestones or progress have been made on four major pieces of federal legislation that matter to public transit. Two of these items are top priorities for the Administration. Other items such as the transportation re-authorization remains to be acted on at some future point.

Infrastructure Investment and Jobs Act (IIJA)

The IIJA was signed into law recently by the President. It is considered to be his infrastructure package that was one of his top priorities. It went through number of iterations over the spring and summer and managed to attract a reasonable number of bi-partisan votes, considering the current political climate. The IIJA is considered a “traditional” infrastructure bill in that it mostly funds highway, bridge, and roadway improvements or public transit improvements. The total cost of the bill is estimated to be \$1 trillion. It is in theory “paid for” through a series of revenues not requiring a tax increase per se.

Some of major highlights of this bill that will benefit public transit are:

- Provides an estimated 65% increase direct spending on public transit by the federal government over current levels (a \$107 billion increase over five years).
- Most of the funding will go out using traditional programs and formulas (the Bay Area does well with these).
- Support for fleet and facilities conversions to support (Zero Emission Based) buses is significant within the bill.
- The bill will provide ZEB funding that can be matched to state ZEB funding that is in this year’s state budget and is anticipated to be in next year’s state budget.
- No specific or further restrictive language regarding mobility innovation are in the bill.

At this time, we cannot forecast what this may mean to County Connection monetarily. However, this legislation makes it very likely that our critical capital needs can be covered with federal funding through FY2026. The exception could be our emerging plan to begin a transition to an all ZEB fleet. This transition of course will take place over the next 15 years or so.

So, all in all, this is a good piece of legislation as far as County Connection is concerned. As we enter the implementation of the legislation – and as we work with our transit partners and MTC on that – staff will return to the Board for updates and appropriate action(s).

Build Back Better Act (BBB Act)

This bill passed the House on Friday, the 19th. It now goes over to the Senate where it will face a tough going and will likely be amended to the point of having to go back to the House for concurrence – should it survive the Senate. This bill is estimated to cost just under \$2 trillion by the Congressional Budget Office (CBO). The CBO also claims the bill has yet fully identified how it will be paid for. The bill does include tax increases on

the “wealthy” – applied to families who make more than \$400,000 per year as through a “Corporate Alternative Minimum Tax” of 15%. This will help pay for the \$2 trillion estimated cost.

The proposed BBB Act was once a part of the IJJA in a different proposal. The BBB Act pieces of the original legislation do not enjoy bi-partisan support. Hence, they were separated out to allow for the IJJA to move forward. The BBB Act contains a number of items not considered to be “traditional” infrastructure. They are though integral to the President’s agenda.

The following pieces of the BBB Act would directly be beneficial to public transit and, likely, County Connection. These include:

- \$10 billion for transit grants for a new “Affordable Housing Access Program.” These will be transit projects that go hand-in-hand with affordable housing projects. The grants can be used for transit operations.
- \$4 billion for sustainable transit grants through a new “Community Climate Incentive Program”. These funds could be used to help cover the costs of moving towards a ZEB based bus fleet.
- \$4 billion for neighborhood access and equity grants. These funds could be used to connect folks to health care, education, jobs, etc. through specifically targeted projects.

All these programs are going to be competitive and not formula based.

While the President’s goal is to have the BBB Act on his desk by the end of the year, it is quite possible that this bill is still in the Senate well into next year.

S. 3011, the Fiscal Recovery Funds Infrastructure Flexibility Act

This bill would authorize state and local governments to spend up to \$123 billion of their \$350 billion in American Rescue Plan (ARP) funding on transportation infrastructure such as public transit, passenger rail, or as the local share for Capital Investment Grants (think Bay Area rail extension projects) and TIFIA (other federally supported rail extension type projects). No state or locality would be required to spend this money on these things. They would just be given the option under S. 3011.

The bill has passed the Senate and awaits possible action in the House.

FY22 Transportation Appropriations (THUD)

While the entire FY22 federal budget is not yet enacted, the federal public transit budget is proposed to be just under \$17 billion for all of the public transit programs, etc. How this squares with the recently enacted IJJA is unclear as of this writing. This level of funding though will nearly ensure that County Connection can fund its planned 40 fixed route bus replacement project in FY22.

Action Requested

No action is necessary on these items. Staff wishes to briefly review them with the MP&L Committee and will ask that you forward the report to the Board of Directors.