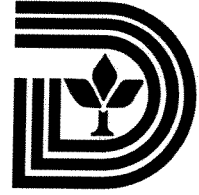


Memorandum



CITY OF DALLAS

DATE August 20, 2010

TO Members of the City Council Legislative Ad Hoc Committee: Vonciel Jones Hill, Chair; Jerry Allen; Dwaine Caraway; Linda Koop; Pauline Medrano; Ron Natinsky; Dave Neumann; Steve Salazar

SUBJECT Federal Legislative Update

On Tuesday, August 24, 2010, Ralph Garboushian (CapitalEdge) will provide you with a federal legislative update via conference call. Mr. Garboushian works for Barbara McCall, who will be out of town and unavailable to participate. Attached are the briefing materials for you to review prior to Tuesday's discussion.

Please contact me if you have any questions.

A handwritten signature in black ink, appearing to read 'Mary K. Suhm'.

Mary K. Suhm
City Manager

**City of Dallas
Federal Legislative Update
August 24, 2010**

The last year has seen a remarkable amount of federal activity with impacts on local governments, ranging from the American Recovery and Reinvestment Act (ARRA/PL 111-5), which almost doubled domestic discretionary spending in FY 2009, to increased regulatory action at the Environmental Protection Agency (EPA) and renewed legislative and regulatory threats to local government authority.

In the coming year, federal relations will continue to present both opportunities and challenges for the City. Major issues will be reauthorization of federal surface transportation programs, appropriations for core local government programs, telecommunications (including implementation of the Federal Communications Commission National Broadband Plan), water and wastewater infrastructure, water quality, continued threats to local government authority and a general agenda of increased environmental regulation. All of these issues will play out against a background of fiscal restraint and deficit reduction.

FY 2011 Appropriations

It appears increasingly certain that Congress will not finish work on most FY 2011 appropriations bills before the election. Look for Congress to wrap up FY 2011 appropriations in a lame duck session through either a year-long Continuing Resolution or an omnibus bill.

A review of FY 2011 appropriations bills that have made their way through various stages of the legislative process shows that most core local government programs (CDBG, HOME, Law Enforcement Assistance, Firefighter Grants, UASI, etc.) would receive level funding or small increases in FY 2011. To date, pending FY 2011 appropriations bills include funding for the following Trinity River Corridor projects:

- \$20 million for Dallas Floodway Extension Construction (Senate)
- \$2 million for Dallas Floodway Extension Construction (House)
- \$2.3 million for the Dallas Floodway General Investigation (Senate)
- \$2.3 million for the Dallas Floodway General Investigation (House)

FY 2010 Appropriations

Funding for core local government programs (CDBG, HOME, Law Enforcement Assistance, Firefighter Grants, UASI, etc.) generally increased or stayed at FY 2009 levels. In addition, the delegation secured funding for the following City projects:

- \$12.594 million for Dallas Floodway Extension (KBH, Cornyn, EBJ, Edwards)
- \$1 million for Margaret McDermott Bridge (EBJ)
- \$1.345 for Dallas Floodway (New Start) investigations

Keeping track of all ARRA funding opportunities and of ARRA reporting requirements presented a major challenge over the past year. The City's efforts in this area produced significant results.

- The City received \$16.7 million in direct and sub-allocated formula grants from ARRA, including funding for the Woodall-Rodger Deck Plaza and for the McKinney Avenue Streetcar extension.
- In addition, the City submitted \$36.2 million in successful competitive applications, including \$8.8 million COPS Hiring Grant and a \$23 million TIGER Grant for the Downtown-Oak Cliff Streetcar.
- The City met all ARRA application and reporting deadlines.

Local Authority

The City worked closely with Senators Hutchison and Cornyn to turn back efforts to include language in the Travel Promotion Act (PL 111-145) to preempt local hotel occupancy taxes collected from Internet vendors.

The City also played a lead role in convincing the Federal Communications Commission (FCC) to remove language in the National Broadband Plan that would have called for preemption of local authority over public rights-of-way and related revenue (worth \$37.3 million to the City). The City was also involved in efforts to counter a FCC proposed rule to preempt local zoning authority over cellular telecommunications towers.

Dallas successfully pushed for a one-year delay of a federal requirement that local governments withhold three percent of all payments to private vendors to ensure that those vendors meet their federal tax liability. This requirement, which seeks to solve a simple IRS enforcement problem by imposing an unfunded mandate on local governments, would significantly increase City purchasing costs and the City continues to push for its repeal.

In the coming months and year, we anticipate additional threats to City authority.

- Congress continues to consider chemical facility security legislation that threatens to increase City drinking water and wastewater costs.
- House and Senate Committees of jurisdiction recently announced that they are planning to undertake an overhaul of telecommunications law; at the same time, the FCC will be implementing the National Broadband Plan and will be under intense industry pressure to preempt local authority and revenue collection.
- Recently, the City's senators helped turn back efforts to attach mandatory collective bargaining for state and local public safety employees to the supplemental appropriations bill; however, this legislation enjoys strong support and poses a threat to City finances and employee relations.

Surface Transportation

Congress continues to struggle to find a way to pay for a long-term reauthorization of federal surface transportation programs.

- In addition to requesting funding for several priority projects, the shape of the bill will determine the amount of control that City officials and their regional counterparts will have over federal transportation funds.

Trinity River Corridor Project

The House approved a Water Resources Development Act bill, thanks to Congresswoman Eddie Bernice Johnson's efforts, that would amend the authorization for the Trinity River Project to reflect recent changes to the project. In addition, the House has passed legislation (HR 5114) to reauthorize the federal Flood Insurance Program that includes language that would provide some relief to property owners affected by Corps of Engineers decertification of the Trinity River levees.

The FY 2010 Supplemental Appropriations Act (PL 111-212) includes language that removes historic preservation obstacles to the strengthening of the Trinity River levees and construction of the project's transportation elements.

Climate Change

Legislation that would create a cap-and-trade regime to reduce greenhouse gas emissions is stalled and likely dead for this Congress. In addition to the affects that this legislation could have on the Texas economy, several issues in this legislation are of interest to the City, including allocation of revenue from a cap-and-trade regime to the Energy Efficiency and Conservation Block Grant, a core local government grant program, and to local surface transportation projects. In addition, several iterations of the bill would impose mandates on local governments in the areas of transportation and land use planning and building codes.