American Public Transportation Association
2014 Annual Meeting

Federal Procedures and Regulations and Funding, Finance, and Tax Policy Legislative Subcommittees

Sunday, October 12, 2014 at 8 – 9:45 a.m.
Lanier Grand Ballroom K
Hilton Americas - Houston

Meeting Agenda

1. Introductory Remarks

   Ron Epstein, NY DOT, FF & P Subcommittee Chair
   Christopher P. Boylan, GCA of NY, FP & R Subcommittee Chair
   Richard J. Bacigalupo, OCTA, FP & R Subcommittee Vice-Chair

2. Regulations Roundtable: Implementation of MAP-21

   Jim LaRusch, APTA Chief Counsel
   Richard Weaver, APTA Director of Planning, Policy, and Sustainability

3. Legislative Proposal: Triennial Review Reform (see attachment)

   Richard J. Bacigalupo, OCTA

4. Legislative Update
   a. FY 2015 THUD Appropriations
   b. Surface Transportation Reauthorization
   c. Long-Term HTF Revenue Solution
   d. Tax Extenders: commuter transit benefit and alternative fuels tax credits
   e. Rail Legislation:
      i. House PRRIA Bill: RRIF provisions
      ii. Sen. Blumenthal's RSIA: repeal of evidentiary protections for rail safety data.

5. Finance: Federal rule precluding banks' use of municipal bonds to comply with new liquidity standards (see attachment: NY Letter to Fed Chair Janet Yellen)

6. New Business

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TRIENNIAL REVIEW REFORM

Sec. ___. Transit Reviews, Audits, and Evaluations

This provision would ensure that the Federal Transit Administration's (FTA) reviews, audits, and evaluations enforce lawfully-established Federal requirements in a consistent and comprehensive manner.

First, this provision defines the scope of any review, audit, or evaluation of any Federal transit grantee under 49 USC §5307(f) as limited to examining the grantee's compliance with requirements directly established by Federal law, APA-compliant regulations, or guidance promulgated via public notice and with opportunity for public comment. Second, this provision requires that, before making any finding of noncompliance, the FTA must certify that all such requirements have been applied to all grantees in a uniform manner nationwide.

Through consistent enforcement of duly-promulgated Federal requirements, FTA reviews can support transit agencies' mission of efficiently delivering safe, reliable service to ever-growing numbers of public transit riders. Inconsistent and selective interpretations of Federal laws and attempts to enforce ad-hoc policies established via non-APA compliant administrative pronouncements (such as Dear Colleague letters) undermine this mission, creating uncertainty in transit operations and increasing grant implementation costs. More consistent Federal enforcement of duly-established rules would benefit both the public and private sectors of the transit industry, for example, by bringing greater stability to vehicle and equipment manufacturing.

SEC. ___. TRANSIT REVIEWS, AUDITS, AND EVALUATIONS.

Section 5307(f) of title 49, United States Code, is amended—

(a) by redesignating paragraph (3) as paragraph (4); and

(b) by adding after paragraph (2) the following:

"(3) SCOPE OF REVIEWS, AUDITS, AND EVALUATIONS. Notwithstanding paragraph (4)—

"(A) in conducting any review, audit, or evaluation under this subsection, the Secretary shall be limited to examining a recipient's compliance with—

"(i) Federal statutory requirements;

"(ii) regulations promulgated in accordance with the Administrative Procedure Act (5 U.S.C. 551 – 559); and

"(iii) agency guidance promulgated via public notice in the Federal Register and opportunity for public comment; and

"(B) before making any finding of noncompliance, the Secretary shall certify that such statutory requirements, regulations, and guidance have been applied to and enforced against all recipients in a uniform manner nationwide.".

STATE OF NEW YORK

DASNY
DORMITORY AUTHORITY STATE OF NEW YORK

Empire State Development

New York Power Authority

September 2nd, 2014

The Honorable Janet Yellen, Ph.D.
Chair, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

Dear Dr. Yellen:

Municipal bonds are the bedrock for every city and state's economy. Each year, they are used to pave roads, keep hospitals open and start new school construction. It is because of the vital nature of municipal bonds that we write to you today to urge the Federal Reserve to either modify its existing proposal and include municipal bonds as high quality liquid assets (HQLAs) or vote to oppose the proposal for Bank Liquidity Coverage Rules when it comes up for a vote on Wednesday, September 3rd.

We believe that municipal bonds do meet the qualifications for an HQLA, as defined by the Federal Reserve, FDIC and OCC. By not classifying municipal bonds in this manner, the Federal Reserve would increase the cost and reduce the capacity of banks to hold such securities, which would increase borrowing costs for state and local governments to finance critical infrastructure projects. In New York State alone, our various state agencies and authorities issued nearly $20 billion of investment grade municipal bonds in 2011-12 to finance infrastructure projects. As borrowing costs increase, states and cities would be forced to build less critical infrastructure. With the inability of Congress to pass much needed infrastructure appropriations, states and cities are on their own. This proposal would threaten our ability to step into the breach and fill the financial gap to reduce the estimated $30 billion infrastructure deficit within New York State. States and cities around the country are beginning to recover from the effects of the 2008 financial crisis, and this misguided proposal would put a drastic halt on that recovery and stifle the job creation needed for further recovery and growth.

Nationally, the United States faces a huge infrastructure gap of $3.6 trillion by 2020, and the only way states and cities can maintain existing infrastructure and build new projects without federal help is through the issuance of municipal bonds. Additionally, we find it troubling that the Federal Reserve would consider foreign sovereign debt an HQLA but not investment grade U.S. state and local securities. U.S. municipal bonds, in particular New York State bonds (which are rated AA+), have a nearly zero default rate, have stable funding markets, limited price volatility and are traded at high volumes. Therefore, we ask that the Federal Reserve include all municipal securities as an HQLA and ensure that state and local governments can continue to do the necessary work of stimulating the economy, creating jobs and building the hospitals, roads, schools and neighborhoods of America's future.

Regards,

Paul T. Williams, Jr.
President & CEO
Dormitory Authority of the State of New York

Kenneth Adams
President & CEO
Empire State Development

Joan McDonald
Commissioner
New York State Department of Transportation

Thomas J. Madison, Jr.
Executive Director
New York State Thruway Authority

Matthew J. Driscoll
President & CEO
New York State Environmental Facilities Corporation

Patrick J. Foye
Executive Director
Port Authority of New York and New Jersey

Nancy L. Zimpher
Chancellor
The State University of New York

Thomas F. Prendergast
Chairman & CEO
Metropolitan Transportation Authority

Gil C. Quiniones
President & CEO
New York Power Authority