Business Member Government Affairs Committee

Saturday, October 11, 2014 4:30 - 5:30 p.m.

Lanier Grand Ballroom-E, 4th Floor Hilton Americas Houston, Texas

> Cliff Henke, Chair Freddie Fuller, Co-Chair

Agenda

- I. Welcome and introductions
- II. Legislative update
 - a. Appropriations, Authorization, Tax reform, and Rail issues
 - b. Buy America discussion
- III. Marketing and Communications Committee Update a. Jennifer Kalczuk and Morgan Lyons
- IV. Advocacy update
 - a. Advocacy All Stars reports on Business Member advocacy
 - b. Plans for direct outreach on advocacy letters
 - c. Business Member Capitol Hill Fly-In for December
 - d. Business Member Advertisement for "Inside the Beltway" Publications
 - e. "Meet the Member" Column connecting Business Members and Members of Congress in dialogue
- V. Research update
- VI. Adjourn

Public Transportation Manufacturing Coalition

Date

United States Senate Washington, D.C. 20510

Dear Senator:

We write to you as manufacturers of public transportation rolling stock (buses and rail cars) and major components here in United States to express our concerns over legislative proposals to drastically increase domestic content requirements for Federal Transit Administration (FTA) funded rolling stock purchases. Collectively, our businesses employ more than _____ U.S. workers and support an additional _____ jobs through our extended supply chain.

All of our companies are committed to utilizing locally sourced products and creating jobs for workers across the United States. However, while each of our businesses may have somewhat different viewpoints on the application of "Buy America Act" (BAA) requirements for public transportation, there is wide agreement among us (transit rolling stock manufacturers and suppliers) that proposals to increase the domestic content to 100% of components and subcomponents are unrealistic and likely impossible to meet. Furthermore, proposals that would require increasing the content levels by 10% annually up to the eventual 100% also set an unachievable goal and demonstrate a fundamental misunderstanding of the economics and constraints of our industry's supply chain.

Many in our industry believe that these proposals could lead to decisions by companies to abandon the United States transit market, leading to significant job losses and reduced competition. Indeed, if certain manufacturers were to do so, it is possible that buses might not be delivered at all, because so few manufacturers in the world make these critical components and because the U.S. transit market represent such a small portion of the global market for this equipment. These issues are explained in further detail below.

Significant Private-Sector Investments Could Be In Jeopardy

Each of the companies currently engaged in the U.S. transit manufacturing market have made significant investments in their facilities and personnel in the United States after careful consideration and evaluation of the 60% standard under current law and the calculation methodology under long-standing FTA regulations. Companies have invested hundreds of millions of dollars in facilities here in the U.S. on the basis of the current Buy America standard. In addition to the direct jobs at their own facilities, these companies support hundreds of U.S. suppliers and thousands of U.S. jobs already. And while some companies may choose to exceed the current threshold for a specific procurement, or an entire product line, those decisions are made in the context of a competitive global marketplace.

It is the broad consensus of our industry that there are some products (components and subcomponents) that rolling stock manufacturers will not be able to obtain under a more stringent Buy America policy, and it is likely that additional waivers would be necessary. Transit rolling stock manufacturing is fundamentally constrained by global component supply, and efforts to mandate higher percentages of domestic content fail to recognize those constraints. Companies have to decide where to invest their limited capital based on likely profit, and increasing the US

content requirement will require some to decide whether the US market is profitable enough to stay in.

Transit suppliers are part of a global marketplace, and as such their supply chains are inherently global. Some parts of the supply chain have very few domestic suppliers and such a change in policy could potentially reduce competition by forcing some suppliers out of the market altogether.

The potential for changes to Buy America laws adds to uncertainty and directly disrupts business planning. It also adds costs. Any changes by rolling stock manufacturers to their component suppliers and sub-suppliers requires mandatory reliability, durability and performance re-testing measures that are required by their customers. Replacing suppliers requires validation of products in order to demonstrate that they will perform to proper OEM and customer dictated standards. It can take between 5 to 7 years to truly validate new products and suppliers. When no suppliers that meet the OEM or customer standards can be identified, the timeline for product delivery will be significantly extended, delaying fleet improvements for American transit riders. Alternatively, it will result in more waiver requests. An overly restrictive Buy America policy also limits innovation and transit agencies will find themselves limited in the products they can offer to their communities.

It is also important to recognize that the size of the U.S. transit manufacturing market is not large enough to support a fully competitive manufacturing base, wholly dependent upon domestic suppliers. Some major component suppliers contribute significant quantities of their products to the transit supply chain, while the US transit market may only represent a small fraction of a supplier's overall global sales. Changes to Federal "Buy America" content requirements place those companies in a difficult position of choosing between the most efficient means of delivering their product and altering their supply chains for a small percentage of their total sales.

Furthermore, cost increases and procurement delays are inevitable if this proposal is advanced. Since cost increases translate into reduced purchasing power for transit authorities, they will have a reduced capacity to respond to growing ridership and service demands.

The Best Way to Grow U.S. Jobs: Grow More Market Demand

Increased investment in public transportation is the single best way to encourage greater domestic manufacturing and grow jobs in U.S. transit rolling stock. Three quarters of all federal public transportation funding flows to the private sector in the form of contracts, and has a ripple in the form of additional jobs, local tax revenue and economic growth for the communities in which these businesses are located.

The true key to job creation in our industry is a stable federal trust fund and the necessary dedicated revenues that support it. Predictable funding is important for job growth, as it allows businesses to plan expansions, new hiring and new product development. For transit systems, predictable funding and a long-term authorization bill would help them to buy the equipment they need to address the growing demand for transit service and create jobs in the process.

The transit manufacturing industry is committed to advancing national policy that creates jobs and advances the economic competitiveness of our communities and our nation. The existing Buy America law and regulation does that and has done that for years, by establishing an appropriate threshold that has encouraged international manufacturers and suppliers to establish a manufacturing presence here in the U.S. while also enabling them to capitalize on their international assets and knowledge base. Entrants into the U.S. manufacturing marketplace have created jobs in their own plants and expanded opportunities for domestic suppliers and sub-suppliers across the country. At the same time, an international supply chain is used by all of our manufacturers, and international markets are also pursued by each of our manufacturers and must be taken into account when making their various business decisions.

Working with the American Public Transportation Association (APTA), the transit industry's manufacturers have been entirely open to identifying potential new U.S. suppliers through cooperation with the FTA and the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership of the U.S. Department of Commerce. Collaborative approaches such as this are preferable to arbitrary mandates that restrict markets and prevent innovation.

Again, the single most effective strategy for increasing American jobs in the transportation manufacturing market is to expand that market through increased U.S. capital infrastructure investment. The current standards contained in the Buy America Act law and regulations truly do encourage the commitment to U.S. manufacturing and employment by rolling stock manufacturers and their suppliers, but they also provide manufacturers with a reasonable amount of flexibility to operate in a global marketplace.

Our companies stand ready to work with Congress and the Administration to advance the goal of job growth through expanded investment in public transportation products and services, with the ultimate goal of contributing to U.S. economic competitiveness in the long run.











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Advocacy ALL-ST*RS

APTA Members Respond to the Advocacy All-Stars Challenge

C4F	CAF USA invites Congressman Tom Reed (R-NY) and representatives of Amtrak to see the unveiling of three new railcars in Elmira, NY. These were the first three cars in a 130-car order placed by Amtrak for \$300 million. Congressman Reed recognized the efforts of CAF USA in providing high-tech skills and quality products to the Elmira region. The company employs 700 workers locally.
IMPulse NC LLC The Power to Keep People Moving [™]	IMPULSE NC LLC hosted Congressman G.K. Butterfield (D-NC) for a factory visit and town hall discussion with employees on September 3, 2013. Also attending were local officials from Mount Olive and Wayne County, NC. Congressman Butterfield talked about the importance of the transit industry to the U.S. economy. IMPulse has also met Congressmen George Holding (R-NC), Walter Jones (R-NC), David Price (D-NC), and Earl Blumenauer (D-OR) to discuss the Highway Trust Fund, TIGER, and authorization issues.
CUBIC.	Cubic Transportation Systems has launched a campaign to oppose proposed cuts in support of the extension of pre-tax and tax-free benefits for the Transit Commuter Benefit Program available to citizens who use public transportation. In addition to conveying their message to Capitol Hill, Cubic is urging its employees to send letters to their legislators on the issue.
BAE SYSTEMS	BAE Systems made a number of Hill visits this summer pushing for support for transit funding. They met with Speaker John Boehner's (R-OH) counsel, staffers in Congressmen Richard Hanna (R-NY) and Tom Latham's (R-IA) offices and House T&I committee staff. On September 5 they hosted a tour at their Endicott, NY plant for FTA Administrator Peter Rogoff where the Administrator announced the latest round of federal grants to advance the commercialization of American-made fuel cell buses.
The General Contractors Association of New York, Inc. We Build New York	The General Contractors Association of New York led an internal information gathering effort to gain a solid perspective on their members' ability to influence Congress. They learned that their membership hailed from 38 (77%) of the 50 states, 201 (46%) of the 435 Congressional Districts and, perhaps most usefully, from the districts of 27 (45%) of the 60 members of the House T&I Committee. This knowledge gives them a strong ability to organize grassroots lobbying. They are currently working to improve and expand their database.
First Transit () transforming travel	Members of First Transit in Arizona met with Ms. Carmen Gallus, Chief of Staff to Congresswoman Ann Kirkpatrick (D-AZ). They discussed issues relating to stabilizing the Highway Trust Fund, concern over cuts to the Bus and Bus Facilities Program and the potential safety implications, the Growing States and High Density formulas, strengthening the Transit Safety Program to help states and transportation agencies meet new safety related responsibilities, the State of Good Repair Program, and investments in alternative fuels.



GIEVER DEVICES of New York invited Congressman Tim Bishop (D-NY) to visit and tour its facility in Woodbury, NY.



New Flyer met with members of its congressional delegation in March making the case for a long-term transportation bill, increased investment in public transportation, and issues of interest to bus manufacturers. Company representatives met with staff in the offices of U.S. Senators Amy Klobuchar (D-MN), AI Franken (D-MN), and Richard Shelby (R-AL) and Representative Tim Walz (D-MN). They also met with staff for the House Transportation and Infrastructure Committee and the Senate Banking Committee.



In addition to a regular presence in congressional offices on Capitol Hill, **Parsons Brinckerhoff** representatives played key roles at several events throughout Infrastructure Week 2014. On May 12, John Porcari attended a policy salon on infrastructure hosted by the Council on Competitiveness. Industry leaders and elected officials, including U.S. Senators Mark Warner (D-VA) and Angus King (I-ME) and U.S. Rep. John Delaney (D-MD), led the discussion. On May 13, Parsons Brinckerhoff sponsored an event on state and local transportation funding campaigns. Also on May 13, the Obama Administration honored 11 transportation professionals as Champions of Change at the White House. Greer Gillis, Transportation Area Manager (Washington, D.C.), was recognized for "Exemplary leadership to ensure that transportation facilities, services, and jobs help individuals and their communities connect to 21st-century opportunities." On May 16, Greg Kelly, Global Chief Operating Officer, delivered the industry keynote address at the week's closing event entitled "The Future is Now: What's Next in American Infrastructure."

NOVABUS

Jim Tooley, Head of Industrial Strategy for **Nova Bus**, met with Senator Kristen Gillibrand (D-NY) in her Capitol Hill office during the North Country Chamber of Commerce fly-in on May 20, 2014. In addition, the company conducted several meetings with members of the New York and other congressional delegations.

PROTERRA

During 2014, **Proterra** was actively engaged in promoting public transportation initiatives on Capitol Hill. These activities included meetings with Members of Congress representing their facilities, but also a nationwide representation from authorizing, appropriating, and tax writing committees of the U.S. Congress. The company has also hosted Members of Congress and their staff at its South Carolina facility.







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APTA Advocacy All Stars Challenge

Business Members are challenged to sign up and commit to outreach to Congressional offices – specifically House Transportation and Infrastructure Committee members – particularly with a message expressing the importance of investing in the Federal Transit Program, but simple education and information about their business and involvement in the transit industry is also welcome.

Business Members will be asked to sign-up at the BMBG meeting, or they can sign up online at the BMGA committee collaboration site.

Options are:

APTA Business Member direct advocacy efforts including:

- Business Facility Site Visit/Tour
- Meeting in the Washington, DC office with the Member of Congress and/or their staff
- Meeting in the congressional district office with the Member of Congress or their staff
- Letter to the Editor or Op-ed in local paper about the importance to invest in public transit

Recruitment of suppliers and/or sub-suppliers in targeted congressional districts to arrange:

- Business Facility Site Visit/Tour
- Meeting in the Washington, DC office with the Member of Congress and/or their staff
- Meeting in the congressional district office with the Member of Congress or their staff
- Letter to the Editor or Op-ed in local paper about the importance to invest in public transit

Extra Credit:

- Sign-ups for Voice for Public Transit
- Letter to the Congressional office w/ copy to APTA staff
- Internal Business-wide campaign to mobilize employees

Reports to APTA staff of completed advocacy activities will qualify Business Members to be named Advocacy All Stars. Activities completed within the last 3 months qualify for consideration going forward. Companies with active government relations operations can work with APTA Government Affairs staff to discuss ongoing activities.

Designation as an Advocacy All Star will qualify APTA Business Members to be recognized at the APTA International EXPO and Annual Meeting with identifying marks on name badges, signage, and other forms of acknowledgement.

PUBLIC TRANSPORTATION MEANS BUSINESS.

Public transportation helps drive the American economy. Every \$1 billion invested in public transportation infrastructure generates approximately 47,500 jobs and represents a return six times greater than the original investment. This provides direct employment by transit systems and generates thousands of jobs for numerous private sector companies. These companies engineer, design, build and support our public transportation systems. Congress must increase investment in public transportation as it prepares to reauthorize the surface transportation legislation (TEA21) and keep America moving ahead.

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Keep America Moving Ahead www.publictransportation.org

IT'S TIME TO PUT AMERICANS BACK TO WORK

INVESTMENT IN TRANSPORTATION INFRASTRUCTURE CREATES JOBS!

Public transportation helps drive the American economy and puts people to work. Federal investment in transportation generates millions of jobs — real jobs with high-paying wages. Jobs are created throughout America in companies of all sizes in areas like engineering, manufacturing, design and planning, and maintenance. A strong public transportation industry is vital for America and for our future. We call on Congress to increase funding for public transportation by reauthorizing a long-term transportation bill at a level no less than the \$318 billion passed by the Senate.

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SETRA of North America, Inc.

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