

MEMORANDUM

TO: Regional Policy and Municipal Infrastructure Committee

**FROM: Jennifer Wichmann, Director of Management Resources
Nora Coronado, Project Coordinator**

SUBJECT: Federal Legislative Consultant Contract Evaluation – FY2013

DATE: January 21, 2014

The City has contracted with CapitalEdge Strategies LLC since FY2009 for representation on the federal level as a part of the Texas Cities Legislative Coalition, which also includes the cities of Austin, Dallas, and Denton. As a part of the agreement, CapitalEdge works on the issues of common and individual interest to those cities. The current contract is for a term of two years, which began in October 2012 and expires at the end of September 2014. The City will renew the agreement for another two years.

The City pays \$67,750 annually, in installments of approximately \$5,645 per month. This fee includes all travel and out-of-pocket expenses. The fee has increased once (3%) since the beginning of the City's contractual relationship with CapitalEdge.

Over the past four fiscal years, the performance of CapitalEdge has exceeded expectations of Intergovernmental Relations (IGR) staff and has garnered positive feedback from multiple members of City staff on a variety of levels. CapitalEdge has fulfilled its contractual obligations including weekly updates through its Washington Report, regular communications with staff, and written reports, bulletins, and memoranda regarding city- and state-specific issues.

An evaluation of the work completed and assisted by CapitalEdge is contained within this document. Appendix A highlights the results and actions taken for the City's federal legislative agenda issues with the assistance of CapitalEdge. Appendix B provides a detailed overview of the past year's body of work and a brief preview of ongoing and anticipated federal issues for the coming year.

Appendix A
FY 2013-2014 Federal Report Card

Legislative Issue	Results/Actions Taken
Tax Exempt Bonds	The City successfully protected the tax exempt status of municipal bonds in FY2013 and will continue to oppose proposals that would eliminate or cap the exemption.
Marketplace Fairness – Sales Tax Collection from Remote Retailers	The Senate passed legislation in May 2013. The City is continuing to monitor the progress in the House.
Surface Transportation – Highway Reauthorization Bill & Passenger/Commuter Rail	The City has taken a strong stance in efforts to maintain sub-allocation of highway funds to the Regional Transportation Council.
Aviation – FAA Contract Tower Program Funding	The City successfully maintained funding for the contract tower at Arlington Municipal Airport in FY2013 and will monitor funding for the program in FY2014.
Homeland Security – Urban Areas Security Initiative	<p>Successfully preserved Dallas-Fort Worth–Arlington UASI funding.</p> <p>City, in partnership with Dallas and Fort Worth, remained a UASI region in FY2013 and will continue to advocate Congress and the Administration to ensure continued participation.</p>
Public Safety	<p>The City successfully preserved D-Block for Public Safety.</p> <p>Last year, Congress passed a law that includes a provision to reserve the D Block of the telecommunications spectrum for public safety. It also includes \$7 billion in grants for states to build out a nationwide D Block network. Implementation efforts are closely being followed.</p> <p>Also, the City continues to monitor federal efforts to implement the Next Generation 9-1-1 (NG911) and any fiscal and regulatory impact to the City.</p>
Core Local Government Programs: Full Funding for CDBG, HOME, UASI, Byrne JAG, COPS etc.	<p>Tight discretionary spending caps and sequestration severely cut funding for core local government programs in FY2013. The City undertook successful efforts to minimize the impact.</p> <ul style="list-style-type: none"> • CDBG - \$2.9 billion (City received \$2.9 million) • HOME - \$947 million (City received \$897,250) • Byrne JAG - \$372 million (City received \$155,213) • UASI - \$475 million (Region received \$14.6 million, City received \$2.4 million)
Housing	Monitoring continuing threats to core HUD programs in FY2014 budget.

Telecommunications	Lost some zoning authority over collocation on existing towers. The City continues to monitor proposed mandates targeting local zoning authority from the FCC.
Appropriations - Earmark Regulation	No earmarks in the final FY2013 spending bill; continued earmark ban in Congress in FY 2014.

Appendix B
Detailed Summary of FY2013 Legislative Efforts and
Preview for FY2014

FY 2013 Appropriations

Tight discretionary spending caps and sequestration delivered a blow to core local government programs. Congress enacted a yearlong continuing resolution (CR) that funds most federal programs at the FY2012 level. However, sequestration imposed a 5.1% across-the-board cut to most non-Defense discretionary accounts, including core local government programs. Sequestration comes after several years of tight discretionary spending caps that have curtailed spending on core local government programs, a City priority.

In a victory for local governments and local control, the City once again successfully turned back an Administration proposal to consolidate UASI and other Homeland Security grants into a single state block grant. After the enactment of FY2013 appropriations, the City successfully lobbied the Administration to ensure continued Metroplex participation in UASI in a year when several metropolitan areas were removed from the program.

Local Authority

The Senate passed legislation, the Marketplace Fairness Act, which would authorize collection of sales taxes from remote, out-of-state retailers, a City priority. The Marketplace Fairness Act would level the sales tax playing field for brick-and-mortar retailers and would stanch the loss of sales tax revenue related to the growth on Internet commerce. Representatives Joe Barton and Marc Veasey are cosponsors of the House bill. A major challenge in the House will be turning back “poison pill” additions to the bill that would preempt local government authority.

Arlington has taken a lead role opposing proposals to eliminate or cap the tax exemption for municipal bonds. As Congress and the Administration continue to consider comprehensive tax reform, the City will have to continue to vocally and forcefully protect this century-old tax exemption, which was part of the original income tax code.

The City continues to successfully oppose efforts to preempt City authority in a number of areas, including:

- City management of public rights-of-way;
- City collection of fees for the use and management of public rights-of-way; and
- Preemption of City zoning authority.

More specifically, the Federal Communications Commission (FCC) recently issued a Notice of Proposed Rulemaking (NPRM) that further targets City zoning authority.

The Internet Tax Freedom Act expires in 2014 and Congress is already looking at renewing it. A key challenge for the City will be to ensure that renewal does not preempt existing taxes or the City’s control of its rights-of-way.

Surface Transportation

The 112th Congress enacted a two-year reauthorization of federal highway and transit programs. The legislation, now known as the Moving Ahead for Progress in the 21st Century (MAP-21) provides funding to previous funding levels:

- \$39.699 billion in FY2013 and \$40.256 billion for FY2014 for highways, and
- \$10.584 billion in FY2013 and \$10.701 billion in FY2014 for transit.

In an important victory for local governments, MAP-21 continues the sub-allocation of Surface Transportation program funds to metropolitan planning organizations, the City's top policy priority in the bill.

In a partial victory for the City, MAP-21 folded key local programs into a new Transportation Alternatives Program, which will distribute approximately \$800 million annually to states for pedestrian, bicycle, recreational trail and environmental mitigation projects. 34% less funding is provided for these activities under the new program than was previously provided to the combined Transportation Enhancements, Safe Routes to Schools and the Recreational Trails programs. However, half of all Transportation Alternatives funds will be sub-allocated to large metropolitan areas, giving local elected officials a lead role in project selection.

Looking ahead to MAP-21 reauthorization next year, priorities for the City will include:

- Expansion of sub-allocation to metropolitan areas,
- A strong local role in decision making, and
- A focus on metropolitan mobility, including a strong transit program and expansion of the Transportation Alternatives Program.

The Passenger Rail Investment & Improvement Act expired at the end of FY2013 and Congress is working on crafting its successor. Although additional federal funding for high-speed rail is unlikely in the near term, the City is monitoring this legislation.

Other Issues

The City has worked on several other federal issues, including:

- Funding for air traffic control at Arlington Municipal Airport;
- A Department of Housing & Urban Development proposed rule regarding fair housing;
- Preserving federal assistance for Handitran;
- Working with neighboring cities on improvements to Village Creek; and
- Preserving funding for Johnson Creek.