

**SPECIAL ASSEMBLY MEETING
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

January 19, 2017 7:00 AM

City Hall - Assembly Chambers
Special Assembly Meeting 2017-02

Submitted By:

Duncan Rorie Watt
City and Borough Manager

I. CALL TO ORDER / ROLL CALL

II. AGENDA TOPICS

- A. Update from CBJ DC Lobbyist Katie Kachel
- B. Updates from Senator Egan, Representative Kito, Representative Parish
- C. Update from CBJ Lobbyist Kevin Jardell
- D. Update from CBJ Finance Director Bob Bartholomew

III. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

IV. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

Federal Update
City and Borough of Juneau
Katie Kachel, Chambers, Conlon & Hartwell LLC
January 19, 2017

On January 3 the 115th Congress was officially sworn in. For the first time in a decade, we have a unified Republican government. Congressman Paul Ryan will remain the Speaker of the House and Congresswoman Nancy Pelosi will remain Minority Leader. In the Senate, longtime Democratic leader Sen. Harry Reid has retired and Sen. Chuck Schumer (D-NY) will assume the Minority Leader slot.

Majority Leader McConnell's top leadership team is unchanged and seems to be well positioned to work with the incoming Trump Administration as Sen. McConnell did not widely criticize President-elect Trump on the campaign trail and Trump has nominated McConnell's wife to be Secretary of Transportation. More on that later.

As far as committee structure. The Alaska Congressional delegation remains at the helm of committees important to the state, and Senator Sullivan gained an important slot. Congressman Don Young, the most senior Republican and 3rd longest serving member of the House, will once again serve as a senior member of the Transportation and Infrastructure Committee and Chairman of the House Resources Subcommittee on Indian, Insular and Alaska Native Affairs.

Senator Lisa Murkowski will remain Chair of the Senate Energy and Natural Resources Committee and will remain on the Senate Appropriations Committee; the Senate Indian Affairs Committee and the Senate Health, Education, Labor and Pensions Committee.

Senator Dan Sullivan will be the new Senate Commerce Subcommittee Chairman on Oceans, Atmosphere, Coast Guard and Fisheries. As far as Transportation issues, which are important to Juneau, Sullivan will serve on the Senate Commerce Subcommittee on Surface Transportation and will remain on the Senate Armed Services Committee; the Environment and Public Works Committee; and Veterans' Affairs Committee.

Confirmation hearings on federal agency nominees.

As you've probably heard in the press, President-elect Trump is nominating people to serve in his cabinet and the Senate is holding hearings before Trump is sworn into office, which the Senate's prerogative. Vice President-elect Pence announced this morning that all nominations needing confirmation have been named and over 500 what they call beachhead team members to start work on Monday morning to lead the federal agencies until nominees are confirmed.

Several nominees are expected to have a hard line of questioning by Democrats, which serve the dual purpose of aggressively vetting a good amount of controversial nominees but also dragging out hearings and sapping Republicans of precious legislative days to enact their agenda.

There are a multitude of federal agencies important to Juneau. Transportation and Interior nominees held hearings shedding a little more light on policy. In a non-contentious hearing for Elaine Chao, the nominee for Secretary of Transportation, confirmed that the Trump Administration's infrastructure plan – which is still being developed – would make use of both funding (actual spending by the federal government itself) and financing (leveraging private equity through public private partnerships (P3s)).

Senator Sullivan had a good exchange with Chao about the federal permitting system, where Chao recognized Sullivan's op-ed in the Wall Street Journal.

And, during the nomination hearing for Interior Secretary, Senator Murkowski was able to get satisfactory feedback from nominee Ryan Zinke, including; putting the state in charge of fish and game subsistence regulations; a King Cove access road and land allotments to Native Vietnam War veterans.

Appropriations/Continuing Resolution.

The federal government is currently operating under a stopgap continuing resolution (or "CR") through April 28, 2017 providing money to keep up federal operations until Congress can pass a regular bill. Of interest to Juneau, the CR provides \$500 million in FY 2017 funds for state and local grants to combat the opioid epidemic.

However, generally, a delay in finalizing appropriations until April 28 will also delay large transportation grant programs such as the TIGER program which need a full year's allotment in the federal check book to get going.

Obamacare Repeal.

Both Houses of Congress have passed budget resolutions that lay the groundwork for repealing the Affordable Care Act or Obamacare. They are attempting a complex budget procedure known as reconciliation that prevents the Senate from filibustering. While the ACA's repeal seems all but certain, replacing it with a suitable alternative remains a big, looming issue.

Other repeals.

Efforts are underway to start another filibuster-proof budget procedure to repeal other regulations.

Trump and Infrastructure.

Trump's trillion dollar infrastructure plan is light on details but those in the transportation community are cautiously optimistic. Our latest understand is that it won't be a stimulus style infusion of federal funding, but will involve the private sector and tax incentives. The transportation community is beating the drum, however, that direct federal grants –not just financing – is required to move the needle on our infrastructure needs. Indeed, increased grant spending is almost certain to be pushed by the Democrats in any bipartisan effort. A package combining the two could work well for attractive programs for Juneau – such as bus programs and small airports – which have a constituency of support among conservatives in rural areas.

If Trump's infrastructure plan is leveraged with tax reform, there is an opportunity for a grand bargain. If the stars align, the Democrats might be willing to play ball and negotiate tax issues and direct federal grant assurances to facilitate Democratic votes in both the House and Senate.

Next Steps

The law requires the president's budget to be submitted to Congress no later than the first Monday in February (2/6/17). The president's budget is only a request to Congress; but it is expected to flesh out some of the policy statements made during the campaign and have major traction in the Republican-led Congress.

To wrap up, here are some headlines on accomplishments.

1. \$17 million in FAA funding for the Snow Removal Equipment Facility at JNU Airport. This was 30+ years in the making, as the project was always deemed low priority by FAA but we were finally able to shake it loose to the credit of your Congressional Delegation.
2. Juneau Docks and Harbors won a \$76,050 Port Security Grant, which was helped along with support letters from your Congressional delegation.
3. Congressional directive language in a pending bill prioritizing FAA funding to projects with JNU-like factors when awarding funding for MALSR systems. (Currently FAA prioritizes MALSR funding to existing systems that need replacement). Factors to be considered are airports with challenging approaches in nonradar environments, with mountainous terrain and inclement weather conditions.
4. Congress passed a 5-year extension of the Rural Community Hospital Demonstration program, which means a couple of million dollars to Bartlett. Program would have expired June 2016. ((H.R. 34) Section 15003).

Potential Questions

1. PILT. Current discretionary appropriations for the PILT program was set to expire on September 30, 2016. The CR does extend funding for PILT at FY 2016 levels. This allows the Interior Department to conduct data calls and gather the information it needs to calculate PILT payments under the statutory formula in preparation for an on-time 2017 payment. However, Congress must act to pass FY 2017 appropriations legislation that includes funding for PILT at the \$480 million level in order to ensure counties receive full PILT payments. PILT means more than \$1.8m per year for CBJ.
2. SRS. The SRS program expired on September 30, 2015 and in March of 2016 the last authorized payments to forest counties and schools under SRS were distributed by the federal government. The SRS program continues to be a critical safety-net for forest counties. The CR also does not include language to reauthorize the Secure Rural Schools (SRS) program retroactively for FY 2016 or into the future. The SRS program expired in September of 2015 and counties received their last authorized SRS payments in early 2016. If Congress fails to act, counties will revert to 25 percent forest revenue sharing payments based on annual timber receipts, rather than payments under the SRS program. The last time Congress failed to reauthorize the SRS program, counties faced, on average, an 80 percent cut in federal forest payments to counties and schools. CBJ received about \$637,211 for SRS in FY15. Both programs are two of the very few direct federal resources for the city.
3. Water Infrastructure. The CR contains \$170 million to help communities like Flint, Michigan that have contaminated drinking water systems. The funding includes grants for infrastructure improvements, lead poisoning prevention care and a lead exposure registry. The CR also provides \$20 million for the Water Infrastructure Finance and Innovation Act (WIFIA) which would provide low interest loans for large water and wastewater projects.
4. Repeal Regulations. On January 4, 2017 the U.S. House of Representatives passed H.R. 21, the Midnight Rules Relief Act of 2017, by a largely party line vote of 238-184. The bill, which also passed the House in November of 2016, would allow Congress to simultaneously disapprove of multiple regulations issued in the last sixty legislative days of a session of Congress, if that session takes place in the last year of a president's term. The bill creates a procedure whereby Congress can consider a joint resolution that disapproves of several regulations en bloc. The current procedure, on the other hand, only allows Congress to disapprove of one regulation at a

time. The Senate is expected to consider the Midnight Rules Relief Act soon, though the prospects for its passage are less certain. In order to overcome a Democratic filibuster, Republicans will need to gain the support of at least eight Democrats before they can pass the bill. If this bill were to be passed by the Senate and enacted, Congress could effectively nullify any regulation that is finalized within the final sixty legislative days of a presidential term. Because the sixty-day time frame refers to days Congress is in session, rather than calendar days, the actual time frame may vary from term to term and could span several months. In the case of President Obama, the bill would subject all regulations issued since May of 2016 to congressional review. Many of the regulations issued by the Obama Administration in 2016 have focused on environmental protection, though many others have been finalized on issues ranging from housing to land management. Among the regulations of interest to counties that could be subject to review are the U.S. Bureau of Land Management's (BLM) Planning 2.0 rule, the U.S. Environmental Protection Agency's (EPA) rule on stormwater permitting for small communities and regulations issued by the U.S. Departments of Labor and Education that could impact counties' implementation of the Workforce Innovation and Opportunity Act (WIOA).

5. Infrastructure. In short, the plan would provide \$137 billion in tax credits to private investors over 10 years to encourage them to invest \$167 billion of equity into infrastructure, which would leverage \$833 billion of debt at a 5-1 leverage ratio, producing \$1 trillion of investment.
6. Approach Lighting.—The Committee notes the benefit of enhanced approach lighting systems that improve safety and reliability especially in areas with challenging approaches in nonradar environments, with mountainous terrain and inclement weather conditions where use of conventional navigational aids do not allow for a close-in low approach. The Committee directs FAA to consider these factors in selecting projects for funding in the Approach Lighting System Improvement Program (ASLIP).