



To: Mayor Truitt
Vice Mayor Alton
Councilmember Hall
Councilmember Villanueva
Councilmember Williams
Councilmember Wolcott
Councilmember Woodard
City Manager, Randy Oliver

From: Michael Celaya, Intergovernmental Relations Director

Date: January 26, 2010

Re: FY 2010-2011 Federal Agenda

PURPOSE:

The purpose of this report is to provide an outline of the City's the proposed federal legislative agenda for the second session of the 111th Congress. Once input is received from the Mayor and Council, the approved agenda will guide the City's federal legislative priorities and lobbying activities at the federal level.

BACKGROUND:

The City of Surprise has many vital relationships with federal agencies and elected Congressional officials in Washington, D.C. A large portion of City operations are regulated by federal guidelines and controls how some city services are provided to our residents. Surprise must continuously work to understand, comply with and provide input to federal laws and regulations that impact our operations. With the tightening of government funding and regulation, it is imperative that Surprise take a proactive role in strengthening our voice at the federal level.

Beyond the regulation and relational aspect of our role in the federal arena, the federal government also provides significant funding for City operations. Some of these funds pay for critical operating programs, such as public safety and emergency preparedness. Other funds pay for important capital improvements, including transportation and water infrastructure, community development, housing and social program funding. While some funds are distributed by a formula methodology—based on our community's population and other factors—others are distributed as competitive grants.

In return for federal funds, we become responsible for compliance with complex federal requirements, both programmatic and fiscally. Although some of our work is focused on the legislative branch, most of our activity is with the various federal agencies that handle regulation

and funding of federal programs. It is vital that Surprise effectively and proactively participate in the process for developing both the funding and the associated rules.

GUIDING PRINCIPLES:

Arizona's Congressional delegation works closely with us in the funding and legislative process. We are continually cultivating and developing our relationships with them and appreciate the support we receive from them. In planning ahead for this legislative session, we have set a goal to be more proactive in our relationship and communication with our AZ Congressional delegation, as well as seek opportunities to develop connections within certain federal agencies. As staff work to implement the approved federal agenda, we will brief the Mayor and Council throughout the legislative session and seek direction regarding important bills, amendments, and developments in the various federal agencies handling our requests.

In order to prioritize and guide staff efforts, we recommend that the Mayor and Council endorse two guiding principles as our highest priorities – maintaining and enhancing fiscal sustainability and protecting local authority. To promote fiscal sustainability the City would, for example, support efforts to achieve parity in federal funding for the City with other AZ cities of equivalent population. We are already working on collaborative efforts with other AZ cities in our grant work and seek opportunities to expand on this goal further.

Staff would also oppose federal actions imposing unfunded mandates upon cities, or reducing funding available for important programs or infrastructure needs. To protect local authority, staff would support federal action that empowers local communities and oppose efforts to preempt local decisions.

FAIR SHARE FOR SURPRISE

The City of Surprise does not receive its “fair share” of federal funding. Although Surprise is not considered in the ranks of highly populated urban cities, such as Phoenix, we continue to lag millions of dollars behind smaller comparable communities in federal funding that helps the poorest families and revitalizes blighted neighborhoods. The funding disparity is primarily driven by formula methodologies that were developed more than 30 years ago and built on dated population counts and past allocations to cities, both factors that favor the nation's oldest cities, such as the Community Development Block Grant (CDBG). City staff continues to refine our strategy in attaining our fair share of these funds, where allowable. Unfortunately, Surprise's population boom over the last decade has not been absorbed into the formula methodologies, thus our City continues to be funded at rates far below what our needs require.

In the past year, the City has had some success in obtaining more federal funding from programs with formulas that are disadvantageous to Surprise. Our success was due to the Congressional delegation taking advantage of special funding opportunities and pressing federal agencies to give Surprise stronger consideration in the distribution of funds. More work needs to be done to ensure that formula adjustments are made to reflect the City's population growth.

Our Department is proactively working with City leadership, the Community Development Department and the Northwest Phoenix Regional U.S. Census Office to ensure that all residents of Surprise are accounted for in the upcoming census. We have established a strong relationship

with the local Census Office, including opening our City Hall for U.S. Census employment and training workshops over the next six months to provide a local opportunity to participate. For every resident counted, we stand to gain approximately \$1,300 in federal funds being provided for local services and programs.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

The American Recovery and Reinvestment Act of 2009 (ARRA) was passed by Congress and signed by President Obama on February 17, 2009. The purpose of ARRA is to create and save jobs, stimulate our economy, and build the foundation for long-term economic growth. Since February, the Intergovernmental Relations department has taken a proactively aggressive role in reviewing ARRA, collaborated with all city departments on prioritizing funding needs and coordinated implementation of projects using ARRA funding. City departments have obtained Mayor and Council approval for projects that use formula funding, as well as for pursuing competitive grant opportunities. The City's goal is to obtain maximum benefits from the ARRA for the residents of Surprise and use the funds to put as many people to work as possible, as quickly as possible.

The Intergovernmental Relations Department has worked with other City Departments in seeking, collaborating, drafting, submitting and reporting on various formula and competitive ARRA grants. Though our City was not awarded funding for some of the grants we applied for, we have been directly awarded \$4.68 million in ARRA funds to date, as well as an additional \$47.93 million in ARRA funds being utilized by ADOT to complete transportation projects within Surprise. Furthermore, we are awaiting notification of awards for an additional \$5.5 million in ARRA grant applications that are still under review by federal agencies. Staff recommends continuing to aggressively seek every funding opportunity available through ARRA. Additionally, staff will continue to prepare for any additional ARRA resources that may become available.

To ensure full transparency of the City's ARRA-related project funding, the Intergovernmental Relations Department created the City's Stimulus Tracker website that will allow our residents an up-to-date look at ARRA funds being award for utilization within Surprise. This tool is also beneficial for us to share with our Congressional representatives, both to showcase the local projects that have benefitted from ARRA to date, as well as highlight priorities that need funding in the coming year.

NATIONAL ORGANIZATIONS

The National League of Cities (NLC) and the U.S. Conference of Mayors (USCM) are important forces on the Washington scene that play a significant role with the Administration and Congress. Staff recommends that Mayor and Council initiate participation as this would assist and make a difference in Surprise's efforts to get their fair share of federal funding. Intergovernmental Relations and our Washington lobbyists also work with these organizations to deliver our message to Congress. Staff appreciates the important work that the Mayor and City Council do and our involvement with these national organizations are necessary to ensure that our City is heard as their platforms develop.

PROPOSED AGENDA FOR CALENDAR YEAR 2010/FEDERAL FY 2010-2011

In addition to the priorities outlined above, staff recommends that the City include a number of specific issues in its agenda for federal Fiscal Year (FY) 2010-2011. These issues have been identified by staff as well as the Mayor and Council to respond to specific community needs.

Transportation

Surface Transportation:

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) authorized surface transportation and transit programs through September 30, 2009. The bill currently has been extended until December 18. Conflicting rumors continue about when a reauthorization bill will be brought forward – dates range from six-months to two years. SAFETEA-LU reauthorization is vital to Surprise because a request for \$10 million to begin the Bell Road/Grand Avenue interchange redesign is included in this bill.

Congress has held conversations with the public and national organizations regarding reauthorization of this legislation. Issues being discussed include: Environmental Self-Certification, Bridge Maintenance, and Congestion Relief – the latter two require a new funding source. The City may suggest additional member-sponsored transportation projects that can be appropriated within the SAFETEA-LU budget, but “above the line” so that they do not supplant budget allocations to Arizona for projects in the five-year Transportation Improvement Program. Staff will work with the Arizona Department of Transportation (ADOT) to ensure closer communication regarding presentation of high priority projects to the Arizona congressional delegation.

City staff has participated in discussions with regional and national associations regarding themes that should be addressed in the next reauthorization bill. Suggestions for the national transportation program include:

- Significantly increase federal transportation infrastructure investment.
- Place program emphasis on energy independence and sustainability.
- Support an urban focus that heightens the federal commitment to mass transit and other alternatives to highways and private autos.
- Dramatically streamline and simplify the federal aid process, with direct funding to large cities and Metropolitan Planning Organizations (MPOs).

The outlook for SAFETEA-LU reauthorization passing this year is bleak because of the lack of support for revenue increases necessary for its implementation. The odds for the bill will increase if the Administration is able to get focused and make its own reauthorization proposal. Unfortunately, this delay in reauthorization means that our Bell Road/Grand Avenue interchange request that was submitted in mid-2009 is on hold until passage of a new SAFETEA-LU.

Transit:

Surprise, in conjunction with the Regional Public Transportation Authority (RPTA)/Valley Metro, will support funding for regional light rail, buses, bus facilities and park-and-ride facilities. Staff recognizes federal budget constraints and the challenge of securing member-requested projects. Valley Metro traditionally presents the actual need and requests the federal share for transit projects. Valley Metro has not completed its compilation of FY 11 regional

priorities from all members, but those priorities will be brought forward in the coming months. The construction of the new Surprise Park-n-Ride just south of Bell Road and Grand Avenue has now moved forward in the process and should open later this year.

We will continue to seek other opportunities to move forward in local transit growth, including potential commuter rail options with the BNSF rail lines adjacent to Grand Avenue. Commuter rail will be an issue that will be addressed with our Congressional delegation throughout the year.

In December 2009, the Federal Transit Authority (FTA) announced the availability of \$280 million for two “livability initiatives”---\$130 million in unallocated New Starts and Small Starts funds for “urban circulator” projects and \$150 million in unallocated Bus and Bus Facilities funds for bus projects.

The Urban Circulator funds are aimed especially at streetcar and bus circulator projects that are “exempt” from New Starts and Small Starts requirements because they need less than \$25 million in federal funding. Unfortunately, these funds are only for final design, construction and vehicle acquisition and project sponsors must demonstrate that they can initiate construction within 18 months of the grant award.

The Bus and Bus Facilities funds are basically for any bus program eligible for that program that also meet certain criteria---demonstrated need, livability/sustainability, planning and prioritization at the local/regional level, leveraging of public and private investments, etc. These projects must be ready to implement in a “reasonable period of time” with local funding in place. These funds can’t be used for operating expenses, preventive maintenance or reimbursement.

Surprise qualifies to apply for the “Bus and Bus Facilities” funds if we decide to move forward with the implementation of one of the proposed local circulator routes here in Surprise (RPTA Council Presentation in December 2009). The cost of purchasing the busses would be covered 100% by federal funds, but we’d need to assure that the operational costs of approximately \$330,000 annually would be absorbed in our local budget. Applications for both programs must be submitted by mid-February.

Meanwhile, in an unusual move, Congress left \$155 million in New Starts/Small Starts funds un-earmarked in the FY 2010 THUD Appropriations bill. FTA will be free to distribute those funds as they see fit. FTA staff are pre-occupied right now with ARRA, TIGER, the urban circulator funds, and releasing FY 2010 apportionments, but they will have to focus on the \$155 million before the end of FY 2010.

Streets:

The City’s Streets Department has identified large capital projects that would benefit from federal funding available through Transportation Reauthorization, grants or appropriations. Though there are several local street projects that are on the City’s project priority list, the Intergovernmental Relations Department believes that submitted our two strongest street projects requests increases the chance for federal funding this year. Staff recommends advocating to Congress for funding to:

- **Greenway Road:** Two lane miles of widening and resurfacing on Greenway Road between Litchfield Roads and Bullard Avenue. This will include installation of a 12-inch

sewer line, streetlights, and ITS infrastructure. Greenway is one of Surprise's most utilized east-west roadways and at this section of the road, is only one lane in each direction. Due to the heavy traffic usage of Greenway, expansion to two lanes in each direction will ease traffic congestion, increase pedestrian safety and provide for easier access to the City's core residential and commercial districts.

- **Litchfield Road:** The design and construction of Litchfield Road between Cactus and Waddell Roads, from a two-lane roadway to a four-lane minor arterial with bike lanes, sidewalks and lighting. This portion of Litchfield Road runs adjacent to several retail developments and restaurants, with heavy traffic usage on a daily basis. Expansion of this roadway would allow for an ease to the congestion, improve the life expectancy of the roadway and provide a safe opportunity for pedestrian and bicycle traffic that currently does not exist.
- **Litchfield Road:** Design and Construction of Litchfield Road between Desert Cove Rd and Cactus Road from a 2 lane roadway to a four lane minor arterial with bike lanes, sidewalks and lighting. This portion of Litchfield Road is heavily congested during morning and evening commute periods, as it's one of the major access routes for residents leaving Surprise for employment purposes. Easing the congestion, increasing safety and lighting will allow for safer streets for both commuters and pedestrians in the two adjacent residential neighborhoods.

Homeland Security

Staff recommends a high priority for procuring resources through Department of Homeland Security (DHS) and U.S. Department of Justice (DOJ) programs. Federal mandates regarding state and local emergency management continue to increase, while federal funding for hazard planning, training, and mitigation has been decreasing. Staff recommends that the City support adequate funding for hazard mitigation and emergency response programs, such as the Urban Areas Security Initiative (UASI), so that state and local governments can protect citizens when disaster occurs.

Currently, both the Surprise Police and Fire Departments rely heavily on federally funded sources to ensure the safety, technology, training and staffing of their departments meet the high standards of our community.

Community Oriented Policing Services (COPS):

The Office of Community Oriented Policing Services (COPS) distributes funding through a wide range of programs and technology upgrades that have directly benefited the Surprise Police Department over the last several years. These COPS Technology grants and discretionary funds have been utilized to enhance and expand communication interoperability and upgrade other forms of technology.

In December 2009, the City's federal appropriation's request for technology upgrades for the Police Department were included in the authorizing Commerce-Justice-Science Appropriations bill that President Obama signed into law. This will allow our Police Department to upgrade technology within their Department that will both enhance public safety and provide valued resource communication for their officers. Staff recommends asking Congress to support

continued funding for the COPS program and remove the matching fund/salary cap provision associated with the hiring grants.

Fire:

The Surprise Fire Department provides a wide array of prevention and emergency response services to the residents of Surprise. Firefighters provide life saving services to people affected by fire or medical emergencies. Situations arising from hazardous materials are also mitigated by firefighters.

Staff recommends asking our Congressional delegation to continue and reauthorize the FIRE ACT Grants – Assistance to Firefighters, Staffing for Adequate Fire and Emergency Response (SAFER), Fire Prevention and Safety and Fire Station Construction.

Immigration Reform:

The Intergovernmental Relations Department recommends that the Mayor and Council support comprehensive immigration reform legislation that offers strengthened border control and security for all of Arizona. We have already begun to work with the Governor, federal and state legislators, the NLC and the USCM to provide input on immigration legislation that protects local law enforcement against mandatory immigration enforcement responsibility, but also provides adequate resources to combat the crime and strain on the justice system caused by our unsecured international border.

Other Public Safety Issues:

The City will continue to advocate for public safety block grant programs with direct benefits to cities, programs that assist our drug enforcement efforts, and federal legislation that protects the public sector communication spectrum.

Economic Development

AZ TechCelerator:

The City of Surprise relocated from the old City Hall offices into the new City Hall complex in mid-2009. This opened up a new opportunity for Surprise, through the creation of a business incubator called the AZ TechCelerator. The AZ TechCelerator's focus is on helping small technology and bioscience business relocate their operations into the TechCelerator office space, hire local employees and expand the availability of white collar and research employment opportunities locally.

The Intergovernmental Relations Department has teamed with the Economic Development Department over the last several months to submit two federally funded grants for the AZTechCelerator. One grant is funded through the Economic Development Administration (EDA) and would allow for a full rehabilitation of three of the buildings for the purposes of creating research and lab space for technology companies. The other grant is a collaborative effort with partners statewide and would create a hands-on "Green Retrofit Learning Center" to expand on Surprise's rapidly growing interest in local energy efficiency. Both of these grant programs will benefit Surprise by creating a larger supply of white and "green" collar jobs for our citizens.

A potential funding opportunity for job growth at the AZ TechCelerator is the proposal of \$750 million for competitive grants—included in the new "second stimulus" legislation—to support

job training for approximately 150,000 individuals in high growth and emerging industry sectors, particularly in the health care and green industries that are adding jobs. Staff recommends continued advocacy for green, technological and bioscience development within Surprise and seeking the support of our Congressional delegation for continual full funding for both the EDA and EECBG Competitive grant programs.

Luke Air Force Base:

Luke Air Force Base was established in 1941 on land donated to the federal government by the City of Phoenix. It has evolved in the decades since to become a major economic force in the Phoenix region. Surprise has partnered with other West Valley cities, Phoenix and Maricopa County to protect and enhance Luke Air Force Base (AFB). Our goals are to:

- Protect the mission of Luke AFB by ensuring property owner participation and cooperation in federally-funded acquisition of land, and
- Advocate for follow-on and joint F-35 missions for Luke AFB.

Community Development

Community Development Block Grant (CDBG):

Over the years, CDBG has become a vital tool for the City of Surprise to achieve widespread and sustainable revitalization of neighborhoods. Now more than ever, CDBG is a critical priority, as it represents the financial cornerstone of sustainable revitalization in our City during these troubled economic times.

Since the 2000 Census, the City of Surprise experienced explosive population growth and in turn, poverty and aging housing in portions of the City that are far in excess of national averages. Reform of the CDBG distribution formula is needed to eliminate the dual formula system and remove the funding disparity between older communities and fast growing cities like Surprise.

Staff recommends asking our Congressional delegation to support:

- CDBG funding at \$4.5 billion nationally, which would return program funding to the 2001-2002 level.
- Reform the CDBG formula for distribution of block grants to communities.
- Passage of a capital/infrastructure funding bill to complement and build upon the economic recovery programs generated by the Housing and Economic Recovery Act of 2008. By making funding available for ready-to-start construction projects, the bill would address a significant backlog of municipal and nonprofit agency projects, including public housing, and generate jobs for low and moderate income persons, which would in turn generate more economic activity.

Foreclosure Prevention Funding:

Foreclosures have greatly impacted the City of Surprise at levels far greater than most metropolitan Phoenix cities and towns. Last year the City received \$2.19 million in Neighborhood Stabilization Program (NSP) funds to address issues such as already foreclosed properties, based on an unprecedented high foreclosure rate in Surprise. It is expected that the number of foreclosed homes in Surprise will continue to rise over the next few years.

Foreclosures are compounding current revenue shortfalls. The US Conference of Mayors and The Council for the New American City report called “The Mortgage Crisis: Economic and

Fiscal Implications for Metro Areas,” projects a decrease in property tax revenues for all of Arizona at over \$158 million and \$69 million in lost sales taxes.

Staff recommends asking Congress to target foreclosure prevention funding through programs like the Emergency Economic Stabilization Act of 2008 or through other legislative initiatives tied to proposed financial reforms to mitigate the further impacts of this problem.

Older Americans Act:

The Older Americans Act (OAA) funds provide for Meals on Wheels (home delivered meals), congregate meals, senior center services, transportation, support for family caregivers, home and community services, health promotion and disease prevention, civic engagement and community service employment for low-income older workers. The DHHS Administration on Aging distributes these funds to states. The State of Arizona, in turn, distributes the funds to eight regional Area Agencies on Aging which allocate to local funding providers that compete for the funds in specific service areas.

Surprise received \$20,000 from ARRA for congregate meals. The City offers nutrition services that provide meals to increase the health, functionality and quality of life for seniors. In addition, the City provides training sites for low-income, part-time trainees placed by the Senior Center Employment Program (Title V) to learn new skills, improve their finances, and regain their sense of self-worth. Reductions, or level OAA funding, would restrict the City’s ability to provide adequate daily nutrition, access to social services and a safe environment for older, frail adults.

Staff recommends asking Congress to support an increase in Older Americans Act funding in FY 2011.

Environmental/ Public Works

Surprise has worked in partnership with federal agencies to improve our water, land and air quality and enrich the environment of our community. The City’s interests also include any legislation that affects clean air and water, the Endangered Species Act, water security, salinity research and regulations as well as brownfields legislation which could arise during the 111th Congress. At times, unfunded mandates have been a hindrance to some water treatment projects and budgetary matters.

Sustainable Water Supplies and Infrastructure:

Legislative and rulemaking efforts are underway addressing adaptation to impacts on water supplies caused by climate change. Included in this new legislation is a proposal of \$2 billion to help communities provide clean and safe water for both their citizens and the environment, while also meeting federal mandates for water safety.

\$1 billion: Clean Water State Revolving Fund;

\$1 billion: Safe Drinking Water State Revolving Fund.

This funding will assist more than 670 communities to address the ever growing backlog of sewer and water repairs and rehabilitation. Half of the funds will include additional subsidies, such as principal forgiveness and grants, to make it easier for more communities to access the programs. Surprise still has up to three water projects on the WIFA project list that could potentially meet the requirements for this funding.

Staff recommends that the City monitor and advocate for legislation that creates opportunities and funding for adaptation efforts, research on water resources impacts, and dissemination and data acquisition that will better define the impacts.

Likewise, staff recommends that the City support federal rulemaking and legislation that promotes a reasonable balance between the costs of water resources development, treatment and delivery against protections for the environment linked to those water resources management functions.

Brownfields:

Staff recommends that the City monitor and advocate legislation that would provide federal funding for environmental assessment, clean-up, and redevelopment of brownfields, including federal tax credits for environmental cleanup.

Endangered Species Act:

The City is impacted by various requirements of the Endangered Species Act. Staff recommends that Surprise continue to participate in local, state and federal efforts to reform the Endangered Species Act that promote a reasonable balance between protection and recovery of threatened and endangered species and the regulatory impacts of the Act on the City and its operations.

Sustainability:

Surprise is committed to sustainability and strong environmental stewardship. The City has initiated and implemented many programs that go beyond regulatory requirements and laws, resulting in a local leadership role. Staff recommends researching opportunities for federal appropriation and authorization language in furtherance of the creation and implementation of a City Sustainability Program, such as funding or other incentives for energy efficiency programs in the residential and commercial sectors.

The Energy Efficiency and Conservation Block Grant (EECBG) Program was first authorized by the Energy Independence and Security Act of 2007 (EISA) to provide funds to local and state government, Indian tribes, and territories to develop and implement projects to improve energy efficiency and reduce energy use and fossil fuel emissions in their communities. ARRA appropriated \$3.2 billion in FY 2009 for these grants, the first funding for EECBG.

The City is already in the process of utilizing its \$812,800 allocation to plan and implement a solar energy demonstration project on the top level of the City Hall parking garage, as well as having extensive energy audits completed on several city-owned properties with the intent to have a better idea of how future EECBG funds can be utilized for furthering the City's sustainability priorities.

The City also is awaiting award notification on our collaborative EECBG Competitive grant application with the State of Arizona, other Arizona cities and private entities later this Spring. If awarded, Surprise will be a lead city in creating a commercial and residential retrofit model for cities and towns across Arizona and the nation. Staff recommends asking Congress to fund EECBG in FY 2011 at its full authorized level of \$2 billion.

Summary

The Intergovernmental Relations Department staff is looking forward to the second session of the 111th Congress as an opportunity for the City's Mayor and Council to join staff in aggressively advocating at the federal level on behalf of the City of Surprise. Gone are the days of "easy money" grants for municipalities; now City leadership and staff need to be proactive in communicating the City's needs, voicing the City's stance on federal issues that will directly impact Surprise and competing for the funds necessary to provide a strong platform for healthy growth for the City.

City staff will work closely with federal agencies, the Executive and Legislative branches and the City's Washington lobbyists to identify opportunities to successfully advocate the priorities of Surprise. Staff recommends more interaction and relationship building with the AZ Congressional delegation to ensure the City's federal agenda priorities are successful in benefitting the City and its residents.

Recommendation

Staff recommends approval of this proposed federal legislative agenda for 2010.