



REVISED  
EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
SEPTEMBER 20, 2007

SUBJECT: FEDERAL LEGISLATION

ACTION: APPROVE STAFF RECOMMENDATION ON FEDERAL LEGISLATION

RECOMMENDATION

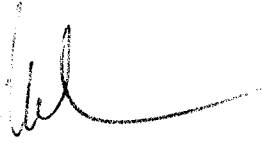
Adopt position on S. 1926 (Dodd) – A bill to establish a National Infrastructure Bank to provide funding for qualified infrastructure projects. ~~SUPPORT~~ SUPPORT - WORK WITH AUTHOR

ATTACHMENT

Legislative Analysis

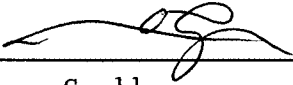
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**BILL:** S. 1926

**AUTHOR:** U.S. SENATOR CHRISTOPHER DODD (CT)

**SUBJECT:** NATIONAL INFRASTRUCTURE BANK

**STATUS:** PENDING BEFORE THE SENATE BANKING, HOUSING, AND  
URBAN AFFAIRS COMMITTEE

**ACTION:** SUPPORT

**RECOMMENDATION**

Adopt a Support position for S. 1926 (Dodd), “The National Infrastructure Bank Act of 2007.”

**ISSUE**

According to a document recently released by the American Society of Civil Engineers (ASCE), the present condition of America’s major infrastructure systems earns a grade point average of “D” and jeopardizes the prosperity and quality of life of all Americans. In its report entitled “Infrastructure Report Card,” the ASCE estimates that over \$1.5 trillion is needed over the next five years to bring America’s infrastructure system to a good condition.

With respect to our nation’s transportation infrastructure, numerous findings by the Federal Highway Administration, the Texas Transportation Institute and other institutions have found that America’s transportation system is falling into disrepair. The recent and very tragic collapse of a bridge on Interstate 35 in Minnesota was the latest evidence that our roadways and transit systems are in need of repair and replacement.

According to the Federal Highway Administration (FHWA), over 1/3 of all urban and rural roads are in poor, mediocre or fair condition. The FHWA has also found that over 25% of all bridges are structurally deficient or obsolete. In addition, data from the Federal Transit Administration shows that our mass transit systems are clearly not equipped to address the mobility challenges of the 21<sup>st</sup> century.

In Los Angeles County, the decline of a fully functioning transportation infrastructure has led to our title as the home of the most congested roadways in the nation. According to the Texas Transportation Institute, the average traveler in Los Angeles County spends 93 hours in traffic, as opposed to the national average which is 51.5 hours.

## PROVISIONS

“The National Infrastructure Bank Act of 2007” seeks to provide federal funds to publicly-owned mass transit systems, housing properties, roads, bridges, drinking water systems and wastewater systems. The Bank would have a five member board, selected by the President and confirmed by the United States Senate. Similar to the Federal Deposit Insurance Corporation, the Bank would have the ability to hire a professional civil service staff to advance its authorized goals and would also have an Inspector General who would be charged with reporting directly to Congress on the operations of the Bank.

Specifically, the Bank would consider infrastructure projects with a potential federal investment of at least \$75 million that are brought to its attention by a given project’s sponsor(s). In determining if a project would be provided federal funds, the Bank’s board would rate projects on a sliding scale for publicly-owned mass transit systems, housing properties, roads, bridges, drinking water systems and wastewater systems. With respect to transportation projects, the bill provides that the rating of projects shall be conducted based on the following criteria by personnel on detail to the Bank from the U.S. Department of Transportation,

For transit projects, the rating would take into consideration the following factors:

- (A) regional or national significance
- (B) promotion of economic growth
- (C) reduction in traffic congestion
- (D) environmental benefits, including reduction in pollution from reduced use of automobiles from direct trip reduction and indirect trip reduction through land use and density changes
- (E) urban land use policies, including those that promote smart growth
- (F) mobility improvements

For highway, bridge and road projects, the rating would take into consideration the following factors:

- (A) regional or national significance
- (B) promotion of economic growth
- (C) reduction in traffic congestion
- (D) environmental improvement
- (E) urban land use policies, including those that promote smart growth
- (F) mobility improvements

The Bank would be charged to issue rules related to how federal funds are allocated to various types of national infrastructure projects. For example, the legislation stipulates that the Bank operate with an understanding of the importance of diverse investments in infrastructure.

With respect to the manner in which federal funds will be provided, the bill outlines that the Bank may offer a number of financial packages, including but not limited to loan guarantees and direct subsidies. In Section 203(7)(d) of the legislation, a cap of \$60 billion is set for the

amount of bonds that may be authorized by the Bank. These bonds would be supported by the full faith and credit of the United States.

S. 1926 mandates the creation of two reports, one from the Bank itself evaluating the effectiveness of all federal financing mechanisms that are used to support infrastructure systems in the United States. A second report, to be issued not later than five years after the enactment of this legislation, would be generated by the U.S. General Accountability Office to examine, in part, the economic transparency and efficacy of the financing mechanisms being used by the Bank.

## IMPACT ANALYSIS

As the planner, programmer and operator for public transportation in Los Angeles County, Metro has a strong interest in ensuring that Los Angeles County's transportation infrastructure is properly funded by the federal government. At present, federal funds received by Metro, such as formula funds and Full Funding Grant Agreement funds, assist Metro in creating new rail lines and operating new and successful mobility projects, like the Metro Orange Line. However, the federal funds Metro currently receives are not sufficient to address the enormous mobility challenges facing commuters in Los Angeles County.

The National Infrastructure Bank Act of 2007 holds the promise of providing robust funding for major transit and highway projects in Los Angeles County. With a bond obligation limit of \$60 billion, the institution would have the capacity to fund multiple transit, housing, road, bridge, drinking water and wastewater projects across the nation. To place this dollar amount in perspective, the entire annual federal budget for new rail and bus rapid transit projects is approximately \$1.7 billion.

For Metro, the potential revenue stream from this Bank would be of great assistance in funding and accelerating the building of priority projects that are outlined in our Long Range Transportation Plan.