



City of Phoenix

To: Mayor and Council
Executive Team

Date: November 20, 2008

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: NOVEMBER 14 – 20, 2008

This memorandum provides an update of the past week's federal activities – Congressional action, lobbying and national meetings. Please let me or Tom Remes know if you have any questions or need further information on specific legislation or issues.

NOVEMBER 14 – 20, 2008

Congress to Return in December

Today Democratic leaders rejected compromise legislation worked out by key senators from auto states to help the nation's ailing auto manufacturers. The compromise would have sent \$25 billion in bridge loans to the car companies, with money coming from already-approved loans that were intended to help the manufacturers retool plants to produce cars that could meet tougher fuel-efficiency standards. Senate and House Democratic leaders opposed lifting the restrictions on those loans, instead pushing for the money to come from the \$700 billion bailout package passed last month. Pelosi and other leading House Democrats have cautioned that a bill lifting the environmental and fuel-efficiency restrictions would face an uphill battle.

A vote on an auto bailout appeared highly unlikely after several Senate Republicans said a bankruptcy filing would be preferable. Members of both parties also were upset with reports that executives from the Big Three had flown to Washington on private jets to ask for taxpayer help for their companies. Democratic leaders now say that Congress will return in December to work on the issue, holding hearings during the week of Dec. 1 on written plans submitted by the auto manufacturers, and then returning the week of Dec. 8 to vote on a bill.

FY 09 Appropriations

Congress is now planning to put off completion of the FY 09 appropriations bills until January 2009. The plan would have both House and Senate staff work over the coming weeks to finalize the unfinished bills, combine them into an omnibus bill, pass the measure and then have President-elect Obama sign it after his Inauguration. This approach awaits consultation by Democratic leaders in the House and Senate with President-elect Obama. Individual appropriation bills would be structured to spending levels set by the Democratic Congress for 2009, which was \$21 billion over the budget proposed by President Bush. The level of earmarks could pose a problem since Mr.

Obama voted for a moratorium on earmarks for 2009. Some level of earmarks is likely to still be allowed. Staff and the City's lobbying team are working to preserve funding for Phoenix-requested projects.

Even More on an Economic Stimulus Package

This week, Senate Majority Leader Harry Reid and Senator Robert Byrd, Chairman of the Senate Appropriations Committee, released a \$100.3 billion economic stimulus package entitled *The Economic Recovery Act of 2008 (S.3689)*. The bill includes:

- \$25 billion in loans to automakers;
- \$37.8 billion for state Medicaid programs;
- \$13.5 billion for infrastructure programs (including highway repairs, bridge construction, Amtrak service improvements, and public transit upgrades);
- Extension of unemployment benefits;
- Tax break for car purchases;
- \$700 million in grants for public housing;
- \$1 billion for border security programs;
- \$2.5 billion for school repairs; and
- \$990 million for Justice Department grant programs to local law enforcement.

The expected Wednesday vote did not occur due to Republican opposition to the bill's approach to aid auto manufacturers.

Energy and Commerce Upset

Rep. Henry Waxman (D-CA) staged a successful coup against Energy and Commerce Chairman John Dingell (D-MI) on Thursday. The 137-122 vote to support Waxman dealt a serious challenge to the Democrats' seniority system and put key portions of President-elect Barack Obama's agenda in the hands of what some journalists are calling a "liberal, aggressive and activist chairman."

Centrists and adherents to the seniority system were left fuming that Dingell was unseated. Some said the political and personal wounds won't quickly heal, especially as Dingell remains on the Energy and Commerce dais as "chairman emeritus."

National Election Outcomes

Sen. Ted Stevens (R-AK), who was convicted of corruption charges a few weeks before the election, conceded his reelection race to Anchorage Mayor Mark Begich (D) on Wednesday, effectively bringing an end to the career of the longest-serving Senate Republican in history and bringing the incoming Senate Democratic caucus total (including two Independents) to 58.

In Minnesota, elections officials have begun a recount of 2.9 million votes that may finally decide Minnesota's razor-thin Senate race. Unofficial returns show incumbent Republican Sen. Norm Coleman with a 215-vote lead over Democratic challenger Al Franken. Anytime an election margin falls within 0.5%, as in this case, state law provides for an automatic recount.

Obama Transition

President-elect Obama hinted at a couple of Cabinet-level appointments this week.

- Tom Daschle, a former Senate Majority Leader (D-SD), as Secretary of Health and Human Services.
- Governor Janet Napolitano (D) as Secretary of Homeland Security. Today, Sen. John McCain (R-AZ) issued a statement stating, "Gov. Napolitano's experience as the former U.S. attorney for Arizona, Arizona's attorney general and as governor warrants her rapid confirmation by the Senate, and I hope she is quickly confirmed."
- Eric Holder Jr. as U.S. Attorney General. Mr. Holder served as deputy attorney general in former President Clinton's Justice Department from 1997 until the end of the administration.
- Jacob Lew, one of President Bill Clinton's budget directors, is favored to direct the National Economic Council.
- Lawrence Summers is under consideration for a second tour as Treasury secretary.

President-elect Obama's staff picks include:

- Rahm Emanuel, White House chief of staff.
- Gregory Craig, former Clinton attorney as White House counsel.
- David Axelrod, Obama's campaign strategist, will join Mr. Craig as a senior adviser.
- Lisa Brown, former counsel to Vice President Gore, will be staff secretary, the aide who reviews official documents before the president signs them.
- Chris Lu, a former legislative director in Obama's Senate office and a Harvard Law School classmate of the President-elect, will be Cabinet secretary, coordinating the activities of the Cabinet.

Arizona Cities Coordination

One of the City's lobbyists hosted a meeting on Tuesday with Washington, D.C. representatives from Governor Napolitano's Washington office and the cities of Tucson, Mesa, Glendale, Scottsdale, Tempe, Sierra Vista and Surprise. The purpose of the meeting was to discuss transportation reauthorization, the May 2007 IRS pension rule, FCC ruling on the cell tower petition, and other issues. This meeting is one in a series of meetings with Arizona city representatives in Washington to coordinate and share information.