



City of Phoenix

To: Mayor and Council
Executive Team

Date: December 11, 2008

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: DECEMBER 5 – DECEMBER 11, 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.

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Auto Bailout Legislation Falters in the Senate

On Wednesday night, *H R 7321 Auto Industry Financing and Restructuring Act*, was approved in the House by a vote of 237-170. The \$14 billion rescue package for the auto industry would provide money within days to General Motors Corp. and Chrysler LLC. Ford Motor Co., which has said it currently has enough financing to stay afloat, would also be eligible for federal aid.

In Arizona's delegation, Democratic Reps. Raul Grijalva and Ed Pastor voted for the measure. Democrats Gabrielle Giffords and Harry Mitchell and Republicans Jeff Flake, Trent Franks and John Shadegg voted against it. Republican Rick Renzi did not vote.

Democratic leadership and the White House hoped for a Senate vote today and enactment by week's end. But it didn't happen. Senate Republican opposition to the proposed bailout set off a scramble to try to find a compromise as United Auto Workers representatives came to the Capitol to discuss proposed labor concessions to keep General Motors Corp. afloat. There are still multiple splits in the Republican caucus, and the entire scope of the government intervention is so unusual that even the auto bill's critics are divided as to what is the best approach.

If a Senate compromise is reached, any successful amendment would then be subject to further action by the House.

Economic Stimulus

The Office of Government Relations continues to compile an inventory of City of Phoenix projects that may qualify for federal economic stimulus funding. City Departments have been working hard to prepare lists of ready-to-go projects (see attached). It should be noted that for some projects the implementation timeframe used reflects the expectation that various federal requirements will be waived or adjusted.

Staff has submitted the list to a number of national organizations such as the US Conference of Mayors, National League of Cities, and the National Association of Regional Councils. Conversations are also taking place with our Congressional delegation. It is expected that when the legislation is drafted there will be no direct earmarks for specific projects. Regardless, the lobbying team has spoken with Hill staff to reiterate the importance of providing direct funding to local governments.

Fair Share of CDBG and LIHEAP

The federal lobbying team met with Councilman Michael Johnson on Friday, December 5 to discuss strategies for increasing the City's share of Community Development Block Grant (CDBG) funding. Joining in the discussion with Councilman Johnson was Bill Simpson, a former Senate Transportation-Housing and Urban Development Appropriations Committee staffer. They discussed a potential appropriations strategy to increase funding for the CDBG program and at the same time create a special category to provide funding to targeted areas that do not receive a fair share of funding. Councilman Johnson proposed creating a CDBG emergency sub-allocation, similar to the Low Income Home Energy Assistance Program (LIHEAP) emergency account.