

City of Mountlake Terrace
2021 Federal Agenda
Adopted June 7, 2021

1. COVID-19 Relief

Restoring general fund revenue to the City is our top priority in 2021.

Congress has passed a multi-billion dollar COVID-19 package, and following the City's support of the *Cities Are Essential Campaign* spearheaded by the National League of Cities, \$500 billion in COVID relief for state and local government is available. The City will continue to advocate for federal guidelines providing for maximum flexibility in how these funds are used.

2. Transportation

Currently, there are a lack of federal funding programs available to the City for its transportation and infrastructure needs; federal programs are instead set up to favor larger cities or rural communities. To make investments in local infrastructure in this environment, the City will pursue targeted requests of its federal delegation and support broader efforts to define more opportunities at a federal level.

We expect Congress to take up an infrastructure bill early in 2021 with the support of the Biden Administration. The bill is expected to be modeled after the House-passed reauthorization bill from mid-2020 that was not considered in the Senate. This bill had a number of positive developments for Mountlake Terrace but notably did not include the set-aside for medium-sized cities that we have been championing in partnership with other municipalities (see below). This bill is a priority for Congress and the Biden Administration, and is expected to play a stimulus role for the national economy as we come out of the COVID crisis.

Finally, we expect that earmarks may make a comeback in 2021 for public agencies in this transportation bill. A decision will be made in late January 2021 on this matter. Each of these opportunities defines some policy priorities for the City.

- **Medium-Sized City Set-Aside**

Most federal infrastructure spending has a rural set-aside which is critical for smaller communities to be able to access federal dollars. There is no comparable set-aside for medium-sized cities such as Mountlake Terrace. Instead, medium-sized cities compete against large cities like Seattle, Portland and Los Angeles for these limited federal resources. Medium-sized cities need a defined allocation to compete within so as to make federal funds available in a way that does not exist currently.

For the past several years, Mountlake Terrace has been working with Representative Larsen to designate a portion of BUILD program funding for cities between 10,000 and 75,000 in population size. The city led a coalition of 16 cities in Washington State in support of this effort and generated support from Rep. Jayapal, Rep. DelBene, Rep. Schrier, Rep. Kilmer and Rep. Heck as cosponsors of this effort.

Regrettably, our strategy was not successful in 2020 and we are working with the delegation on a new strategy for 2021 that may forgo designating a portion of the BUILD program in favor of creating a new analogous program for medium sized cities. This work is our top transportation priority and will be the focus of our efforts in this area in 2021.

- Funding for Metropolitan Planning Organizations (MPOs)

Federal transportation funding is generally distributed in Washington State via the Department of Transportation (DOT) or via a Metropolitan Planning Organization (MPO) such as the Puget Sound Regional Council (PSRC). In the most recent transportation bill from 2016, Congress changed the allocation of funds from 50%-50% between DOTs and MPOs to 45%-55% with MPOs gaining the larger amount.

As Congress starts to consider the next transportation bill, the City will support increasing this proportion to the benefit of MPOs and oppose any attempt to preclude the formation of new MPOs to meet regional needs. This should dovetail with the City's work at PSRC to more highly value cities with new light rail infrastructure in competitive funding pools.

- Funding for Non-Motorized Infrastructure

For decades, Congress has debated the amount of funding from the federal gas tax revenues that should go towards projects that are not directly related to highways. These projects include transit systems and non-motorized projects such as sidewalks, trails and other programs.

The share of federal dollars being made available to non-motorized projects has diminished over the past few transportation bills, and there is a concerted effort by House and Senate Republicans to eliminate funding for transit and non-motorized access all together.

3. Community and Economic Development Programs

- Restoration of Earmark Authority

Congress is considering restoring the earmarking authority to the legislative branch and the City supports earmarks with the following criteria:

- Only available to public agencies.
- Fully transparent process for requests.
- Limited to economic development, infrastructure, transportation and human services funding programs.

Of note, Rep. Derek Kilmer (WA) chaired a bipartisan committee to modernize Congress – especially during a pandemic. Of the more than 100 reforms suggested by the committee, restoring earmarking authority to Congress was one of the top recommendations, and is viewed as a mechanism that previously worked to garner bipartisan support of legislation. Further, we are seeing bipartisan and bicameral support for restoring the power of the purse to Congress in the wake of misuse of federal funds by the Trump administration.

We hope this recommendation results in enactment in 2021. If it is, the Johnston Group is prepared to assist the City with identifying and securing earmark support.

- Community Development Block Grants (CDBG) and the Home Investment Partnership Program (HOME)

The City of Mountlake Terrace uses Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funding to support local initiatives that benefit the City's vulnerable populations. Funding in the CDBG program increased by 30% in 2018 after falling to a 10-year low in 2017. The City will support the CDBG and HOME programs at the federal level and lobby for increased funding that could be put to use in Mountlake Terrace immediately.

- Support Municipal Tax Policy

Congress has adjusted various tax policies that have a direct impact on the City of Mountlake Terrace, including the New Markets Tax Credit, the Affordable Housing Tax Credit and the State and Local Sales Tax Deduction. These policies, in addition to policies that would negatively value municipal bonding authority, remain under debate in Congress in 2021 and the City will advocate for strong municipal authority and tax credits that facilitate economic development and meet our region's critical housing needs.

4. Support the Green Stormwater Infrastructure Initiatives

Representative Derek Kilmer and former Representative Denny Heck developed a long-term strategy to modify federal laws, funding opportunities and programs to benefit the Puget Sound ecosystem. This effort had multiple policy components:

- Add green stormwater treatment as a scoring criteria for federal transportation awards. This would provide an advantage to projects seeking federal funds that include a stormwater management component.
- Create a tax credit program for stormwater retrofits and new development. If enacted, this program would provide a 50% tax credit for individuals and developers that incorporate stormwater projects such as rain gardens, bioswales and similar projects.
- Create a new federal program to fund culvert replacement, fish passage improvements and habitat restoration in municipal streams and creeks.

These efforts have been stalled over the past few years, but Rep. Kilmer is inclined to push this agenda again in 2021 with the Biden Administration and in partnership with Congresswoman Strickland. The City supports this effort and looks for ways to bring new partnerships and funding opportunities to the Puget Sound community. While short term success on this effort in 2021 might be too much to expect, having the City support this effort and play a role in its development will be a key strategy.