

**National Association of Counties (NACo) Legislative Conference**  
**Hilton Washington Hotel, Washington, DC**  
**March 2-6, 2013**  
**Trip Report by Breene Harimoto**

This was the annual legislative conference of the National Association of Counties (NACo) held in Washington DC. This conference brings together county representatives from across the country to discuss issues and to receive updates on national issues of importance to counties.

As always, this was a good conference from which I learned much. There was much information and discussion about key topics such as the status and impacts of sequestration and the need for a new budget or continuing resolution. I concentrated on sessions pertaining to transportation, MAP-21, and the budget.

In addition to the highly publicized issues of the federal budget, national debt, and sequestration, the single biggest issue from NACo's perspective is the potential for Congress to eliminate the tax exemption for municipal bonds. There are continuing discussions about this matter in Congress and several proposals are on the table. Elimination of this tax exemption will have significant impacts on cities and counties. NACo has declared this issue to be their top priority. They urged everyone to lobby Congress to not eliminate this tax exemption.

On the transportation side, the two biggest issues of widespread importance appear to be the potential insolvency of the Highway Trust Fund and the implementation of MAP-21. Both of these issues certainly are relevant to Honolulu and may have huge impacts.

Revenues from the federal gas tax have been declining for years due to more fuel efficient vehicles, electric vehicles, and a decline in driving, and are projected to continue decline in the future. Because of this, the Highway Trust Fund, which funds highway and bridge maintenance in all states, requires general fund subsidies in the order of \$40 billion every year. Consensus seems to be that Congress is not likely to continue these large subsidies beyond the next fiscal year so alternative methods of creating more revenue are necessary to keep the Highway Trust Fund solvent. These methods may include moving to an indexed formula or perhaps Vehicle Miles Traveled (VMT). However, any alternative would require years of debate and implementation so political insiders believe that Congress may choose to simply increase the gas tax as a stop-gap measure. NACo is urging Congress to increase the gas tax to keep the Highway Trust Fund solvent.

MAP-21 has a long way to go toward being fully implemented as rules have yet to be established and the US Department of Transportation is still trying to figure out how to implement parts of the law. However, MAP-21 is set to expire in 15 months. Congress must soon begin work on a new transportation authorization bill which may potentially make significant changes to MAP-21. There is much uncertainty because MAP-21 was two years late so it is unknown when the replacement transportation bill will actually be passed.

All sessions were informative but unfortunately, the names of the speakers were not published in the conference program so I was not always able to get their names and positions. Also, certain sessions included good discussion among attendees but I was unable to get their names and counties or states.

In addition to the conference, the Hawaii State Association of Counties made arrangements for our Hawaii delegation of Councilmembers to meet separately with each of our Hawaii Congressional delegation. We met with Congresswoman Hanabusa and Congresswoman Gabbard, but unfortunately, our meetings with Senator Schatz and Senator Hirono were canceled because on that particular day the entire region was completely shut down due to what was predicted to be the biggest snow storm to hit the DC region in many years, aptly dubbed "snow-questration". Everyone was urged to stay at home and all government offices, schools, airports, etc., were closed. Fortunately, I was able to meet with Senator Schatz and Senator Hirono the prior morning with a larger group of other people from Hawaii.

While in Washington DC, I also met with Federal Transit Administration executives to discuss our Honolulu rail project. This was a great opportunity to give them an update of significant issues in Honolulu, including having a new Mayor and four new Councilmembers, the controversy over disputed amount of the GET surcharge for rail, and the pending lawsuit. FTA officials also discussed their perspectives and concerns. Overall, both the FTA officials and I were pleased with our meeting.

I note that I stayed in Washington DC two days beyond the conference (on March 7 and 8) and no expenses were charged to the City during these days. I scheduled the meeting with the FTA on one of my personal days because I did not want it to interfere with my attendance at the conference.

**Saturday, March 2, 2013**

**12:00pm – 1:00pm**

**Transportation Steering Committee: Highway – Highway Safety Subcommittee Meeting**

Highlights:

- NACo is urging USDOT to implement rules advantageous to counties
  - USDOT seems to be moving in the right direction
  - Biggest issue is to streamline project delivery, specifically, shortening the environmental process to make it quicker and smoother
  - Fhwa.dot.gov website has good information on programs, MAP21, guidance, etc.
- Transportation reauthorization once again 15 months from now
  - Many MAP21 rules will never get implemented as it takes 2 years or more to make rules
  - MAP21 was a couple of years late; who knows how long it will be before next reauthorization bill
- Highway Trust Fund / Federal Gas Tax
  - Federal gas tax has been 18.4¢ per gallon without increase in many years
    - ✓ Not sufficient to support highways maintenance programs
    - ✓ Gas consumption has decreased and is continuing to decrease so gas tax revenues continue to decline
  - Congress has been transferring \$40B per year from the general fund to keep Highway Trust Fund solvent
  - Currently sufficient only through next re-authorization
  - Congress is less inclined to keep transferring General Fund monies to keep Highway Trust Fund solvent
  - Key issue now is how to sustain the Highway Trust Fund going forward when
  - NACo position – Major message to Congress
    - ✓ Gas tax must be increased to keep Highway Trust Fund solvent
      - ⇒ Essential issue for counties
      - ⇒ Probably should be indexed
      - ⇒ Congress must do something, otherwise counties will suffer tremendously
      - ⇒ Going forward, all options should be on the table: mileage-based user fees, sales tax, off-shore drilling tax, etc.
        - This is a complex issue that will generate much debate and is not likely to reach consensus soon
        - Immediate fix is to keep the gas tax as is and just increase the amount
      - ⇒ Congress needs new funding source for Highway Trust Fund
        - Should be user-based
    - ✓ NACo is asking Congress to have the courage to increase the gas tax to keep the Highway Trust Fund solvent and NACo will support it

- Other countries have much higher gas tax; some 5 times higher
  - ✓ Someone asked NACo to get this data to make our case
  - ✓ NOTE: From Wikipedia, here are the top gas taxes per gallon in 2010:
    - ⇒ Turkey, over \$4
    - ⇒ Germany, Britain, Finland, France, over \$3
    - ⇒ Italy, Ireland, Sweden, Spain, South Korea, Japan, over \$2
    - ⇒ Poland, Australia, over \$1
    - ⇒ Canada, almost \$1
- Mileage-based user fees
  - ✓ Technology is already here, but challenge is how to implement
    - ⇒ Meter in every car? Computer system? How to retrofit older cars? Privacy issues?
- New House Transportation and Infrastructure Committee Chairman
  - ✓ Recognizes that something must be done to raise new revenue
  - ✓ Gas tax system already in place; likely to be short term solution
  - ✓ Aware that House members will be resistant to this
- Gas tax increase needed
  - ✓ 1 - 3¢ increase won't do it at all; must be significantly more
  - ✓ It's a political decision
  - ✓ 1¢ gas tax = roughly \$1.3B
- Last gas tax increase was in 1993
- MAP21 doubled safety funds
  - Data-driven
  - Data will show funding must be at local level, not at state level
  - Counties are low-hanging fruit
  - More than half of crashes are road departures
  - Many low-cost opportunities to prevent running off roads
    - ✓ Wider stripes, rumble strips, signage, etc.
- Resolutions considered
  - Zero Deaths
    - ✓ Minnesota at forefront
    - ✓ More than half of traffic fatalities occur on rural roads
    - ✓ FHWA tracks deaths only on road type, not road ownership
    - ✓ More than 30 states adopted Zero Death
    - ✓ Locals and counties have role to play
      - ⇒ NACo must play a greater role
    - ✓ State safety plan is a good place to start
    - ✓ Experts in counties, not in state or USDOT
  - Fund Safe Routes to School office
    - ✓ Introduced by Dennis "Fresh" Onishi from Big Island
    - ✓ Much confusion about facts; after much discussion, the resolution was tabled until the July Annual Meeting

- Require Congress to approve all Administrative Rules
  - ✓ General agreement that some if not many administrative rules either don't make sense or don't follow the intent of Congress
  - ✓ General agreement that mandating Congress to approve administrative rules would bring everything to a halt
- Amend tax code to allow donors to receive tax credit for value of donation for highway projects
  - ✓ Much discussion about why we would want to do this and whether this is really a good thing

**1:00pm – 2:00pm**

**Transportation Steering Committee: Mass Transit – Railroad Subcommittee Meeting**

Highlights:

- Sequestration
  - Amtrack funding would be cut by \$80B (5.3%)
  - Most of transportation funding intact
  - Highway Trust Fund is exempt
- Speaker has been involved in the DC political process for 30 years, and every year budget process changes
  - Last year and this year has been exceptionally bad; never been this bad before
  - Not clear where we're headed; probably down
- Gas tax
  - ✓ Causes – more fuel efficient vehicles, more electric vehicles, less driving
  - Highway Trust Fund is fully funded by general fund transfers through FY2014
  - A committee member noted that
    - ✓ 18.4¢ in 1993 is worth only 12¢ today
    - ✓ 18% less gas is consumed today than in 2005
    - ✓ Electric vehicles pay not gas tax but use the same roads gas taxes pay for
    - ✓ This generated much discussion and other counties chimed in
      - ⇒ Colorado noted that in a survey, 70% said NO to VMT but after they were provided with information about what VMT is, 78% said NO
      - ⇒ Another noted that their county says NO to other options such as sales tax
      - ⇒ Another noted that 82% would approve of higher gas tax if it is to fund a specific list of road projects that they support

**2:00pm – 3:00pm**

**Health Steering Committee: Health Disparities Subcommittee Meeting**

I attended this session because of my interest in health-related matters. Unfortunately, this session focused on issues related to jails and populations in jails. Unlike Hawaii, other counties are responsible for operating jails, corrections systems, and public health so this is an important topic for them.

**Sunday, March 3, 2013**

**9:00am – 12:00pm**

**Transportation Steering Committee Meeting**

Highlights:

- Joseph Boardman, Amtrak CEO
  - Created in 1971
  - 31M ridership
  - Amtrak serves 46 states, DC, and 3 Canadian provinces; connects the nation
    - ✓ Connectivity is important to nation
  - 535 stations total
    - ✓ Not ADA compliant; need to retrofit
  - Fears “salami slice” strategy that will take away piece by piece until all is gone
  - Ridership and revenues are up
  - 81% farebox recovery ratio; excellent ratio compared to other transportation modes
  - Only 4 airlines carry more domestic passengers than Amtrak
  - NY-Boston and NY-DC carry more passengers than all airlines combined on same routes
    - ✓ Profits from these routes subsidizes higher-cost lines out west
    - ✓ Have only 4 routes from Midwest to West
  - Struggling to maintain aging infrastructure
    - ✓ Some tracks date back to Civil War days
  - When he took over:
    - ✓ There was huge debt; now reduced to half of what it was
    - ✓ There was no strategic plan and no fleet replacement plan; now have
  - At 4½ years, he is the 2<sup>nd</sup> longest serving CEO; CEO turnover is a huge problem
  - Trains are the most energy efficient mode of transportation
  - ½ of the fleet goes over 100mph
  - Will invest \$21B in Class 1 railroad infrastructure this year
    - ✓ Congress would never give this much funding
  - USDOT has over 60,000 employees; FAA has about 50,000 employees
  - Most employees in highways are at state level; aviation at federal level

- Amtrak has 500 member police force
  - ✓ Relies on local police in cities, otherwise Amtrak police
- Northeast storm
  - ✓ Had to pump own tunnels; feds, state, local government would not help
    - ⇒ But Amtrak opened their tunnels before anyone else
    - ⇒ FEMA offered no federal assistance; Amtrak on own
- NACo Staff Member
  - Connected Vehicle Program or Vehicle to Vehicle
    - ✓ Vehicles connected to infrastructure via technology
    - ✓ Primarily for safety to prevent crashes
    - ✓ Technology is already here; issue is implementation
    - ✓ Feds considering laws to require all vehicles manufactured in US to have VtoV technology
      - ⇒ 90% already have such technology built in
      - ⇒ Implementation issues must be addressed
        - Bandwidth, technology, infrastructure (traffic signals, etc.), inter-governmental agreements, etc.
        - Privacy and “big brother” issues paramount
      - ⇒ Believe can achieve 90% implementation in 7-10 years
- Chris Rodgers, NACo President
  - NACo top priority is to lobby Congress to not eliminate tax exemption for municipal bonds
    - ✓ Effects would have huge impacts on all states and counties
    - ✓ Call for all hands on deck to lobby our Congressional delegations
    - ✓ Someone stated that 2003-2012, \$1.65T in tax exempt bonds issued by counties
      - ⇒ \$178B for highways and bridges
      - ⇒ \$106B for transit
  - Announced the 3<sup>rd</sup> rail conference in Omaha
- Highways Subcommittee Report
  - Reported out highlights of the subcommittee meeting
  - Recommendation from Chairman that we should do a press conference whenever we begin any road project
    - ✓ Notify residents, community and business associations, etc.
    - ✓ Inform everyone where the project funding came from, project cost, etc.
    - ✓ Important to get project information out to public
    - ✓ Press will pick it up even if no one attend the press conference
- Airports Subcommittee Report
  - Trying to reduce wait times
  - Have pre-screening and pre-approvals
    - ✓ Could pay \$100 fee good for 5 years
  - Transitioning to risk-based security

- Sequestration
  - ✓ 189 contract control towers will shut down
    - ⇒ Pilots will be responsible to talk to each other in lieu of control tower
  - ✓ Other control towers will lose staffing
  - ✓ Reduction in grants and local match increases from 5% to 10%
  - ✓ Most airports get income from fuel tax
- Plane de-icing now an issue with EPA stormwater regulations
- Leaded fuel additives necessary to boost horsepower to rapidly gain altitude causing environmental impact with EPA air quality rules
- Ports Subcommittee Report
  - EPA harbor dredging issue
- Resolutions
  - Harbor Maintenance
    - ✓ Currently all ports must pay into fund for dredging but unfair that deep water ports need no dredging
      - ⇒ Noted especially west coast ports are mostly deep water
    - ✓ Congress keeps some of the fund
    - ✓ Currently fund can only be used for dredging; this is by administrative rules
    - ✓ Proposal is to allow fund to be also used for other port-related maintenance
  - Safe Routes to Schools
    - ✓ Tabled until July Annual Conference at request of maker (Big Island Councilmember Dennis Onishi)
  - Zero Death
  - Donor income tax deduction
    - ✓ Proposal is to allow donors to take tax deduction for value of their donations for transportation projects
    - ✓ This would encourage PPP or other donations
    - ✓ Donations important as they would count as local match
    - ✓ Concerns expressed that Congress may view this as being contradictory with NACo's #1 priority to not eliminate the existing exemption for municipal bonds
      - ⇒ Noted that feds and states have never taxed each other
  - Rule-making
    - ✓ Proposal is to require Congress to approve all administrative rules made by all federal agencies
    - ✓ The concern is that many rules either don't make sense or are seemingly contrary to the intent of Congressional laws
    - ✓ Concerns expressed that although this seems like a good idea, it is unworkable and would over-burden Congress
    - ✓ Resolution failed 45-4

**1:30pm – 4:15pm**

**Health Steering Committee Meeting**

Kristin Kurland, Professor & author, Carnegie Mellon University, Pittsburgh, PA  
Areas of expertise: Architecture, Information Technology, Public Policy, Research,  
Health and the Built Environment

Highlights:

- Theme of this presentation is “How we collaborate”
- How we design cities – must collaborate across disciplines
- Authored 3 ESRI books
  - GIS Tutorial 1 Basic Workbook
  - GIS Tutorial for Health
  - GIS Tutorial for Crime Analysis
- Major health mapping projects
  - Alleghany County PA Health Department, funded by CDC Capacity Building grant
    - ✓ Collaborated with many groups – land, water, air, food, housing, etc.
    - ✓ Examples
      - ⇒ Doctors found elevated levels of lead in many children
        - On GIS map, plotted where these children lived, and cross-plotted concentrations of low income areas; found correlation, guessing that low-income families live in older homes with lead paint and generally did not keep up with repainting to seal old lead paint underneath
        - With this information, doctors were better equipped to monitor these children and proactively test other children in these areas
      - ⇒ Children’s Hospital of Pittsburgh
        - Tracked incidence of injuries, obesity, poison, asthma, air pollution, etc.
        - On GIS map, mapped everything and linked obesity to walkability
          - ★ Proximity to parks, fast foods, transit, area crime/safety, etc.
        - Key was weight loss/gain, not reduction of obesity rates
  - Better decision-making using special analysis
  - The presenter was an impressive speaker and a wealth of knowledge but unfortunately, much of the presentation was technical in terms of health and went over my head.

**Monday, March 4, 2013**

**8:00am – 9:00am**

**MAP-21: How the New Highway and Transit Legislation Can Benefit Your County**

Highlights:

- 27 months until September 2014, when MAP-21 expires
- MAP-21 made many significant changes; trying to implement now
- Stability and solvency through FY2014
  - Follows 10 extensions of SAFETEA-LU
  - Had bi-partisan support
  - Through FY2014, average annual funding at FY2012 levels
  - Extended Highway Trust federal taxes
  - Made transfers to keep Highway Trust Fund solvent through FY2014
  - Much discussion as to whether current gas tax should continue in current form
- Innovation and reform in MAP-21
  - Strengthened highways and public transit systems
  - Created jobs and supported economic development
  - Simplified program structure
  - Accelerated project delivery and promote innovation
  - Established performance-based federal program
- Appropriated program funding and distributed by formula
- \$37.7B per year formula based
  - \$21.8B for Highways and Bridges
- National Highways Preservation Program (NHPP)
  - Highways, bridges, connectors (could be small road connecting to port, etc.)
  - National goals, states establish targets
  - Minimum standards for interstate bridge conditions
- Surface Transportation Program (STP)
  - Most flexible program
  - Safety issues
  - 50% of funds sub-allocated based on population
- Highway Safety Improvement Program (HSIP)
  - \$1B per year
  - Rural road safety reported to feds
  - USDOT establishes measures; states set targets for fatalities and serious injuries
- Congestion Mitigation and Air Quality
  - Some authority to use funds for transit operations
    - ✓ Still working on how this will work

- Transportation Alternatives Program (TAP)
  - SRTS, trails, transportation enhancements
  - Governors can opt out their states
    - ✓ So far, Kansas and Florida have opted out of recreation trails set-asides
  - Funding sub-allocated as with STP
  - Competitive grants to eligible entities (local governments, transit, schools)
- Federal Lands and Tribal Transportation
  - Added 3 new partners; was only Park Services and Fish & Wildlife
  - For inside federal lands and access to federal lands
- TIFIA
  - Big discussion in FTA
  - Lending program
  - Capacity increased
    - ✓ FY12 - \$122M
    - ✓ FY13 - \$750M
    - ✓ FY14 - 1B
  - Most appealing to urban areas
    - ✓ MAP-21 more appealing to rural areas (250,000 people or less)
- Freight
  - More focus in MAP-21
  - State Freight Advisory Committee required by Feds
- Research and Technology
  - Prior all earmarked; not in MAP-21
- Performance Management
  - Big focus area; spending much time on this
  - Better to focus funds on improving transportation
  - Safety and infrastructure focused
  - USDOT set measures; states establish targets
    - ✓ States report progress to USDOT
    - ✓ If states don't meet targets, corrective actions but not sanctions
- Transportation Planning
  - Transition to performance-based systems
  - MPO's establish targets
  - TIP updated every 4 years
- Accelerated project delivery
  - New - construction manager/general contractor
  - Increased federal share for innovative techniques
  - MAP-21 website has good information
  - Working "feverishly) to develop guidelines and rules
- MAP-21 is July 6, 2012 – September 30, 2014

- FY2012 funding at \$10.4B
  - Majority is urban formula 5307
  - Next biggest is New Starts and fixed guideway modernization over 7 years
- FY2013 funding at \$10.5B
  - State of Good Repair Program has additional funding
- Core Capacity funding
  - Working to define
  - Projects to increase capacity more than 10%
- Presentation showed several charts to illustrate funding
- TOD Planning Pilot not funded yet; don't know how this will work yet
- NOTE: This session was during the shortest breakout block. The presentation went very fast. This should have been in the 2 or 3-hour breakout block.

**9:00am – 10:15am**

**The Cliff, Sequestration, Deficit Reduction and Counties**

Barry Anderson, NGA Deputy Director

Highlights:

- Last sequester was 1991
- Dates to watch
  - March 1
    - ✓ Sequestration takes effect as Super Committee did not reach agreement
    - ✓ CBO estimates
      - ⇒ Defense will be cut 9.4% - 7.9%
      - ⇒ Non-Defense will be cut 8.2% - 5.3%
  - March 27
    - ✓ Continuing Resolution
      - ⇒ March 31 is Easter Sunday so Congress won't act on this date
      - ⇒ TANF reauthorization required; set to expire on this date
      - ⇒ Sequester 2
    - ✓ April 15
      - ⇒ House and Senate Budget resolution
        - If nothing is passed, members of Congress will not get paid; salary funds will go into escrow fund until January 2015
        - Entitlement and tax reform should be included
    - ✓ Late summer
      - ⇒ Debt limit will be reached so something must be done to prevent shutdown
  - Governors' top concerns
    - Medicaid
    - Tax free municipal bonds
  - Must give federal vendors 30 days notice of furlough; no notices issued yet
  - Can take all cuts at once or spread out; up to President

- Unlikely to see personnel cuts now; hoping to still work it out
- No mention of BRAC yet
- Major federal fiscal issue
  - Long-term sustainability
    - ✓ How to cut projected debt
    - ✓ No short-term problem; this is a long-term problem
- Medicare, Medicaid, Social Security, taxes
  - Major causes of long-term spending, not defense or other
- Revenues roughly 20%
- Spending 1987 – 2037 will grow \$20.8 to 35.7
- Can we grow our way out? NO
- How much more do we need to do to stabilize the debt? Estimated \$1.5T - \$2.4T
- Benefits of further reductions in debt
  - Encourage economic growth
  - Provide for flexibility
- Entitlement programs only increase
- We've only cut discretionary programs; entitlements never cut
- Health costs 8.1% of GDP
  - This is a major problem
  - High as compared to other countries
  - Many countries have lower health costs yet longer life
  - Major factor is obesity
- Tax exemptions
  - Employer payments for health insurance \$181B
  - Provisions that benefit states \$105B
    - ✓ Deductions for local income, sales, and property taxes
    - ✓ Public purpose bonds
  - Interest on owner-occupied houses \$101B
  - Charitable contributions \$49B
- Optimistic that another deal is still possible
  - Key factors will be resources and entitlements
- Interest rates can't stay low much longer; maybe 1 year at the most
  - If you need to borrow, borrow now

**10:45am – 12:00pm**

**The Battle Over Tax Reform: What's at Stake for Counties**

Dustin McDonald – 113<sup>th</sup> Congress and Tax Reform, Tax Exemption  
Highlights:

- Tax reform legislation
  - Carryover from 112<sup>th</sup> Congress
  - Strong support in House for comprehensive tax reform
    - ✓ Working groups
    - ✓ Revenue neutral
    - ✓ Focus on corporations and individuals
  - Senate and House collaboration
  - Senate has no working groups
  - Could be folded into budget deficit reduction
- Legislation
  - Wireless Tax Fairness Act
    - ✓ Came up last year
    - ✓ Passed House; hung up in Senate
  - Digital Goods and Services Tax Fairness Act
    - ✓ State and local governments to collect taxes from intermediaries; open issue
    - ✓ Should have new draft shortly
  - Rental Car Preemption
    - ✓ Last year had hearings but no bill; should have bill this year
    - ✓ Prevent local governments from taxing
  - Marketplace Fairness Act
    - ✓ Permit state and local governments to tax remote online sales
    - ✓ House is more of a challenge; new Chair favors flat tax
    - ✓ House leadership interested in this as revenue enhancement measure
    - ✓ Best bet is Senate

Michael Decker

Highlights:

- He represents clients who handle county bonds
- Threat to municipal bonds tax exemption is largest issue for counties
- Political agenda dominated by deficit and debt reduction
- Federal government faces several “mini-cliffs”, not 1 large cliff
- Comprehensive tax reform may come in FY2013
- Various municipal bonds proposals
  - Many eliminate or partially eliminate exemptions
- Sequestration
  - \$1.2T over 10 years

- Political landscapes
  - Tax exemption seen as more beneficial to wealthy taxpayers, and less beneficial to state and local governments
  - Sense that all must bear pain
  - Sacred cows ending – mortgage deduction, charitable deductions, etc.
  - Tax reform may come in 2013
    - ✓ Focus on lower rates and fewer preferences
- Municipal bonds
  - Critical that tax exemptions are needed to reduce capital costs for investors
  - If tax exemptions are eliminated
    - ✓ No effect on investors
    - ✓ County bond interest rates will be higher
    - ✓ Costs will be pushed down to taxpayers
    - ✓ Taxes will increase or construction will be decreased
  - Tax exempt bonds financed most infrastructure projects in the past
    - ✓ Schools, highways, bridges, etc.
    - ✓ Lost in the current discussion is the fact that counties need to invest more in infrastructure to keep up
  - A message delivered to Conference of Mayors was that the political message of keeping municipal bonds tax exempt is best delivered to Congress by state and local officials; it must be a group effort

**1:30pm – 3:30pm**  
**Opening General Session**

Mark M. Zandi, Chief Economist, Analytics Moody Corporation  
Highlights:

- GDP growing modest 2%; last 4 years in economic recovery
- By 2014, growth should be 4%
- Unemployment now at 7.9%; 2014 will be better as job growth continues
- Sequestration
  - \$85B cuts this year
  - Continuing resolution runs out in March
    - ✓ Federal government will shut down if no new resolution by then
  - Debt ceiling will be reached in August 2013
  - If all added up, \$4T in deficit reduction
- Reasons for optimism
  - Banking system is on solid ground
  - Starting to see credit flow more normally
  - Top ½ of households doing very well
  - Automobile loans “almost free money” at 2%

- Problem areas
  - Low income families still have problems
  - Student loans still problems
- Much regional variations
  - Sequestration will impact some areas more than others
    - ✓ States/counties with strong defense ties
    - ✓ States/counties with strong European ties
  - Some areas will continue to do well
    - ✓ States/counties heavy into technology, healthcare, globalization, etc.
- Overall, economic prospects very bright

Senator Roy Blunt (R-MO)

Highlights:

- “Counties do matter”
- Lots of talk in DC but not much is happening
- The last time Congress passed a budget, iPad was not yet invented
  - No budget for last 4 years
- Sen. Barbara McCulsky (new Budget Chair) may be secret weapon to get budget back on track
- Line item cuts necessary in order to keep spending below ceiling
- Ronald Reagan’s description of \$1,000 bills
  - Stacked 4 inches high = \$1M
  - Stacked 67 miles high = \$1T
- Deficit is now \$17T; that’s 17 times 67 miles high
- Two questions in spending
  - Is this really a problem for government to solve?
    - ✓ Government cannot solve every problem
  - What level of government can solve it best?
    - ✓ Congress often thinks it must do it
    - ✓ Level of government closest to the people comes up with best solutions and most effective solutions
  - 40% of bridges are county bridges
    - ✓ Feds weren’t going to help counties with their bridges
    - ✓ He offered amendment that passed so it’s now part of MAP-21

Bob Woodward, Associate Editor, The Washington Post and Author, The Price of Politics

Highlights:

- Sitting next to Al Gore is “taxing” and “unpleasant”
- Had funny Al Gore stories
- Do we know what goes on in government?
  - So much is hidden
  - He told stories about private meetings President called with Congressional leaders

- Baffled how people in government cannot work together
- Sequestration cuts are arbitrary and don't make sense
- Partisan gridlock
  - Congress has a circle the wagon mentality
  - Each side decided it's better to deal with their own side than talk and work together
  - It's come to the point that the biggest story is "what is going on"?
- When asked what is biggest thing he learned as President, Bush said that as President, you can spend about 90 seconds to have incredible influence and change lives
  - Not sure Obama learned this yet; he could have huge influence on Congress
- Both sides so entrenched; living in bunker
  - Even if documented truth, bunker maintenance crew comes out and says NO, this is the way it is and has to be
- President Ford announced on a Sunday morning that he'll give Nixon a full pardon
  - Thought no one would notice on a Sunday morning
  - Biggest question at that time was if there was a promise of a pardon if Nixon resigned
  - But larger question should have been why did the person at the top go free when others went to jail
  - Ford's reason for the pardon was revealed much later to Woodward for his book
    - ✓ Nation could not stand 2-3 more years of this
    - ✓ Had to have his own presidency; got Nixon off the front page
    - ✓ Dealing with bigger issues of cold war, economy, etc.
- What should we worry about most?
  - Secret government
  - Growing trend is toward secrecy; huge issue

Eric Holder, US Attorney General

Highlights:

- Tougher on crime
- Federal Interagency Council
  - 20 federal agencies
  - Re-entry of prisoners – housing, employment, etc.
- Statistics
  - Overall, 1 in 28 children have fathers in jail
  - For African Americans, 1 in 9 children have fathers in jail
  - Magnitude is staggering
- Re-entry efforts significantly threatened by sequestration impacts
- Second Chance Act
  - Supports adult and juvenile re-entry programs
  - Grants support ½ of all re-entry programs
- Sequestration will severely impact federal and county public safety programs

**Tuesday, March 5, 2013**

**8:30am – 9:30am**

**Meeting with Hawaii Congressional delegation**

On Monday afternoon, Councilmember Chang notified me that Councilmembers from Hawaii were invited to this meeting. Although I did not want to miss the conference General Session scheduled for this same time, I thought that given the significant issues of sequestration, tax exempt municipal bonds, MAP-21, and others, this meeting would be important.

Senator Brian Schatz, Senator Mazie Hirono, and Congresswoman Tulsi Gabbard attended. Many of their staffs were also present. It turned out that another group from Hawaii was also in attendance. They were attending a convention of federal managers. Although there was some good discussion, it was difficult because there were about 30 people present. I was the only Honolulu Councilmember in attendance. Councilmembers from other Hawaii counties were present.

**12:00pm – 2:00pm**

**Meeting with Congresswoman Colleen Hanabusa and Congresswoman Tulsi Gabbard**

Councilmembers from Hawaii attended a private meeting with Congresswoman Hanabusa followed by a private meeting with Congresswoman Gabbard. I was the only Honolulu Councilmember present at both meetings. Councilmembers from Maui and Kauai were also present. We discussed a variety of topics, including the budget, sequestration, tax-exempt county bonds, GMO, pesticide use disclosures, and others.

**Wednesday, March 6, 2013**

We had private meetings scheduled with Senator Brian Schatz and Senator Mazie Hirono, but with the biggest snow storm in years predicted to hit DC, everything was shut down, including government offices and schools. Everyone was told to stay home so I stayed in my room all day. It was a good opportunity to work on this trip report. Although the storm was not nearly as bad as predicted and DC itself did not have significant snowfall and winds, some areas northwest of DC were hit hard with snow, winds, and widespread power outages. I was staying in Bethesda which is northwest of DC so we had some impact but fortunately not hit too hard. We had what appeared to be a couple of inches of snow and some winds but no power outages.

**Friday, March 8, 2013**

I met with Federal Transit Administration executives to discuss our Honolulu rail project. We discussed some significant issues in Honolulu, including having a new Mayor and four new Councilmembers, the controversy over disputed amount of the GET surcharge for rail, and the pending lawsuit. FTA officials also discussed their perspectives and concerns.

In attendance were:

- Myself
- Denis Dwyer, HART consultant
- Matthew Welbes, FTA Executive Director  
NOTE: My understanding is that he is the third-ranking person in the FTA, and is the highest-ranking career executive (not a Presidential appointee) in the FTA
- Dr. Chris Nutakor, Division Chief, Office of Engineering
- Kim Nguyen, Office of Engineering
- Leslie Rogers, FTA Region 9 Administrator

City Council  
City and County of Honolulu

# CLAIM FOR TRAVEL REIMBURSEMENT

Date: 3/12/13

Traveler: Breene Harimoto  
 Event: 2013 NACo Legislative Conference  
 Location: Washington, D.C.  
 Dates: From March 2, 2013 To March 6, 2013

Description	Amount	Notes:
1. Registration Fee	515.00	Online receipt attached
2. Airfare	781.00	Online receipt attached
3. Hotel	1146.84	Online receipt attached \$191.14 a night 6 nights
4. Meals		
5. Ground Transportation	52.20	Super Shuttle \$26.10 one way
6. Tips		
7. Other		
Other		
Other		
8. Adjustment		
<b>TOTAL REIMBURSEMENT</b>	<b>2495.04</b>	

This is to certify that the above data, based upon receipts submitted to Council Administrative Support Services via a CCLTRVL02 form, is accurate. Further, I am claiming reimbursement for expenses associated with a trip in which City business was conducted and personal funds were used to advance payment.

Breene Harimoto  
Signature of Traveler

3/12/13  
Date