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MEMO

To: Members, Thomas Jefferson Planning District Commission
From: David C. Blount, Legislative Liaison
Date: December 31, 2008
Re: Economic Stimulus Possibilities

Over the past month, there has been much buzz out of Washington about a new economic stimulus initiative that would include infrastructure funding for state and local transportation (including transit), public works (including water and sewer), broadband and school construction projects. Reportedly, President-elect Obama's team is looking to craft a package worth up to \$775 billion over two years, with a possibility that it could grow to \$850 billion as it moves through the legislative process (some think it could reach \$1 trillion). Another outcome of such a plan is to create or retain hundreds of thousands of jobs to aid the ailing economy. Congressional action on an infrastructure plan could come within the next three months.

While definitive project and state and local match criteria have not been established, recent reports indicate eligible projects must be "shovel ready;" that is, past the design and preliminary engineering stages, and set to start within four to six months. There also has been much speculation as to how funding might flow from such a plan:

- 1) It could be earmarked projects (though this is less likely);
- 2) It could flow through existing formulas; or
- 3) It could give some discretion to governors to determine allocation.

There also have been suggestions that transportation money flow to Metropolitan Planning Organizations (MPOs), and for establishment of an independent BRAC-type panel that could evaluate, filter and rank projects according to clear, vision-based criteria.

Interest groups are bombarding federal and state policymakers with requests for a piece of the stimulus pie. The National Governors Association is requesting that up to \$180 billion be directed to the states. Local government groups are asking their members to send project lists to federal and state elected officials. They also are urging the Obama team to not send most of the money to the states, but instead to counties and cities because they have most of the infrastructure needs. Several localities in the PDC have prepared or are preparing project lists for forwarding to state and federal officials.

At this point, talk about the makeup of a stimulus/infrastructure plan should be viewed as very fluid. Proposals may take shape and plans may be clearer once Congress returns to Washington and the new administration takes office.