

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Morning Transportation
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Subject: POLITICO's Morning Transportation, presented by the Association of Equipment Manufacturers: Wherefore art thou, FAA? — Cuban Thaw to freeze back up — Chao: GA groups 'misinformed'

By Lauren Gardner and Tanya Snyder | 06/16/2017 10:02 AM EDT

With help from Stephanie Beasley and Brianna Gurciullo

WHEREFORE ART THOU, FAA? With just two more work weeks until the July Fourth recess, House Transportation Chairman [Bill Shuster](#) is nearing crunch time if he wants to get an FAA bill through the committee beforehand. There's buzz that next week could be when bill text surfaces, and general aviation booster (and past air traffic control overhaul skeptic) [Sam Graves](#) (R-Mo.) is getting sunnier on the prospects of reaching a deal with Shuster that could win his support, your MT co-host [reports](#). "It's getting a lot better," he said of negotiations, adding a bill could "possibly" drop next week. The panel is targeting the end of the month for a markup.

Meanwhile, in the Senate: Still, Senate Commerce Chairman [John Thune](#) said Thursday that he has "not really" witnessed any changes on general aviation in the Senate. He also threw cold water on the idea of any significant new airline customer service protections, saying "I thought we kind of tried to strike a balance in the bill last year, so I'm sure we'll have that discussion. We'll probably have amendments offered in committee at the markup and probably on the floor as well," he said. "But I think we felt like what we did last year was a good place to be."

CHAO: GA GROUPS HAVE BEEN 'MISINFORMED': After a Thursday hearing before House appropriators mostly skeptical of the Trump administration's air traffic control plans, Chao told reporters that officials are "very concerned" about general aviation's concerns, and that "we believe that we can come to an understanding and some of the groups, we believe, are misinformed. And so we want to have a dialogue." Chao added that she "hopes" those talks will wrap up before the FAA's authorization expires Sept. 30.

Let's get hypothetical: If members of the general aviation industry think any new entity running the system is limiting their access to U.S. airspace, they can still appeal to their lawmakers, Chao said. "Being in the private sector, being in the nonprofit sector, does not mean that it's exempt from congressional oversight," she said.

The "certainty" line: Chao echoed some of Shuster's talking points, including the argument that separating air traffic control operations from the FAA will create more funding certainty. "We're concerned about rural America as well," Chao said. "And yet with the uncertainties and the fluctuations in budget funding under the current government system, that is - rural America does not benefit. If there were a steady source of revenue, income ... contract towers, which benefit rural America so much, would actually benefit."

Ice ice baby: Still, Chairman [Mario Diaz-Balart](#) (R-Fla.) and other Transportation, Housing and Urban Development Appropriations Subcommittee members showed no signs of warming up to

the idea of splitting ATC operations from the FAA. "I'm concerned that the proposal would reduce or even eliminate, frankly, the public's voice in something as critical as our national air traffic control," Diaz-Balart said.

IT'S FRIDAY: Thanks for tuning in to POLITICO's Morning Transportation, your daily tipsheet on all things trains, planes, automobiles and ports. Lauren and Tanya are sharing MT duties, so please send us tips, feedback and lyrics: tsnyder@politico.com or [@TSnyderDC](https://twitter.com/TSnyderDC) and lgardner@politico.com or [@Gardner_LM](https://twitter.com/Gardner_LM).

[Jump in the Cadillac/\(Girl, let's put some miles on it\)/Anything you want/\(Just to put a smile on you\)](#)

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HOW A STREET IN BROOKLYN IS CHANGING THE ENERGY GRID: The shared economy is flourishing, with companies like Airbnb and Lyft capitalizing on the growing popularity of shared services. Can their success be replicated in the energy industry? In the latest installment of **POLITICO Magazine's "What Works"** series, we look at Brooklyn-based LO3 that devised a micro grid system that uses a phone app and smart meters to enable neighbors with solar panels to strike deals amongst themselves on the amount of electricity they buy from each other and at what price. We also look at the revitalization of Tampa, Florida - a broken down deep water port revitalized after 40 years of public and private investment. Read more: [Tampa Revitalization](#) | [Brooklyn's Energy Grid](#) | [Photo Gallery](#)

LOOK MA, NO HANDS: A legislative package on driverless cars is taking shape in the House Energy and Commerce Committee, including several major priorities of developers of self-driving car technology and many of the same concepts from Senate leaders. Tanya has [more](#) for Pros, including a legislative summary [here](#).

WE'LL ALWAYS HAVE HAVANA NIGHTS: President Donald Trump will unveil stricter limits on U.S. travel to Cuba today in Miami, but airlines that just months ago were vying for routes to the island may not make too much noise over the policy change, our Brianna Gurciullo [reports](#). The White House will be directing agencies to essentially rein in individual "people-to-people" visits that the administration has decried as a way for travelers to skirt the tourism ban. Brianna writes: "It's likely to have some effect on airline bottom lines. But the reality is that routes to Cuba have already been underperforming. Some airlines - Spirit, Frontier and Silver - have decided to pull out of serving the routes to Cuba they won last year. American Airlines has pared down its service schedule, while JetBlue has switched to smaller airplanes."

TAKATA GOES BUST: Takata Corporation, whose faulty airbag inflators have led to at least 16 deaths and 180 injuries worldwide - and prompted the largest automotive recall in history - is expected to file for bankruptcy. The company is working with U.S. auto parts maker Key Safety Systems Inc. on a financial backing agreement, and Key is now "expected to acquire Takata assets as part of a restructuring in bankruptcy," Reuters [reports](#). Takata owes \$850 million to automakers as part of a Justice Department settlement, which included \$150 million in other

finances and damages.

COUNTRY ROADS, TAKE ME HOME: In an apparent effort to smooth the politics around passing an infrastructure package in Congress, DOT officials are considering including an entire title related to rural communities. "A new approach will be required to address the needs of rural America," DOT chief of staff Geoff Burr said Thursday at the first meeting of the president's task force on Agriculture and Rural Prosperity. "A lot of the progress, especially in the transportation space, when they innovate they innovate in ways that often begin in urban areas." Pro Ag's Jenny Hopkinson has [more](#).

TSA PUTS ON 3-D SPECS: TSA is piloting technology that would allow airport security to scan travelers' carry-on items as thoroughly as they do checked baggage. The agency announced Thursday that it has introduced computed tomography (CT) technology with 3D scanners at one lane in the Phoenix Sky Harbor International Airport, with another planned for Boston later this month.

How does it work? The CT equipment is capable of capturing "hundreds of images with an X-ray camera that spins around the conveyor belt to provide officers with a 3D picture of a carry-on bag," TSA said. The technology is already used for checked baggage, but this marks the first time that smaller versions of the machines will be used at airport security checkpoints in the United States. The pilot is being conducted through a partnership between TSA's Innovation Task Force and American Airlines.

**** A message from the Association of Equipment Manufacturers:** Infrastructure is the backbone of America's economy. The U.S. currently ranks 11th in infrastructure competitiveness. To have the strongest economy in the world, America must have the best infrastructure in the world. It is time to reclaim our Infrastructure Advantage. Learn more: aem.org/Advantage. **

IS THE AUTO INDUSTRY HOARDING SPECTRUM? Automakers have been holding onto a band of radio spectrum since 1999, with the idea that someday they'd use it to let cars talk to each other. Harold Feld, vice president at Public Knowledge, at a POLITICO event Thursday said the industry has squandered its chance, and suggested it is using its valuable, government-provided spectrum to charge customers more for infotainment systems and other in-vehicle apps. "I'd like that business model, too, if I were a car company," he said.

Back atcha: Car companies worry that the frequency could get bogged down and end up with too much interference from other users if it were shared. "You're talking about having people and vehicles rely upon a signal ... that's going to tell you whether or not it's safe to proceed," said David Strickland, counsel and spokesman for the Self-Driving Coalition for Safer Streets and a former NHTSA administrator. He said keeping the 5.9 band just for vehicles helps avoid a situation "where you have a vehicle not communicate while somebody else has faster Netflix." Check out the video of the exchange [here](#).

STOP THE BUS: FMCSA is giving bus companies an extra year to comply with its 2015 final rule on leasing agreements between service providers - a regulation it's also proposing to amend, Lauren [reports](#) for Pros. After hearing industry concerns about how the rule would apply in

practice to companies that contract out service from other legitimate carriers to supplement their fleets, regulators are now suggesting they remove those chartering deals from the rule's purview altogether. The rule was intended to curb "questionable lease arrangements" with unsafe companies looking to operate under another carrier's operating authority without supervision.

DEMS WANT CHAO TO COMMIT: Chao again got grilled by Democrats Thursday about an order to disregard oversight requests from minority members. In previous appearances, a flustered Chao struggled to explain how this has been standard practice for some time to a dais full of surprised lawmakers whose understanding, they said, was very different. This time, Chao read straight from what she said was a Department of Justice opinion, saying "the executive branch's longstanding policy has been to engage in the established process for accommodating congressional requests for information only when those requests come from a committee, subcommittee or chairman authorized to conduct oversight." Chao repeatedly said she wasn't here to argue. "I will say that from my point of view, to the extent that I can, it is my intent to work fully on a bipartisan basis, with both sides of the aisle."

Not happy: But after the hearing, Rep. David Price (D-N.C.), the ranking member on the DOT spending panel, blasted Chao's response as being "in stark contrast to the assurances" other Cabinet secretaries gave Democrats this week. "This represents a new level of partisanship that is unprecedented and unacceptable, and it will only serve to worsen gridlock in Washington," he said in a statement.

Definitely, maybe: On the administration's infrastructure package, Chao told lawmakers that talk about tying it to a tax code overhaul has "receded." "But that, again, may change," she added.

HOW DO YOU SAY 'JOBS, JOBS, JOBS' IN ARABIC? The U.S. Travel Association is releasing new data today showing that Persian Gulf carriers brought nearly 1.7 million additional visitors to the U.S. and that those visitors spent nearly \$7.8 billion during their trips, supporting nearly 80,000 additional U.S. jobs. "Emirates, Etihad and Qatar Airways fly to the U.S. from previously underserved routes around the world, and provide needed disruption in the U.S. aviation space," said U.S. Travel Association President and CEO Roger Dow. Two of the three Gulf airlines are members of the association.

MT MAILBAG: Several drone and aviation groups sent a letter to lawmakers Thursday to hold off on tackling the issue of whether state and local governments should regulate aspects of low-level drone flight when drafting their FAA reauthorization bills this summer. The agency's Drone Advisory Committee is studying whether it can reach consensus recommendations, and the groups want that process to play out before any major changes are made "to longstanding federal governance of the" National Airspace System.

SLICE OF PI: Geoff Bowman is joining Van Scoyoc Associates as a vice president, per our friends at POLITICO Influence. He was previously staff director of the House Transportation Water Resources and Environment Subcommittee.

THE AUTOBAHN:

- "What to expect at the Paris Air Show." [CNN Money](#).
- "Cuomo demands Amtrak foot the bill for LIRR mitigation efforts." [POLITICO New York](#).
- "Pedestrian Scramble: D.C. Revives An Idea From The 1940s To Reduce Accidents." [WAMU](#).
- "Maryland to ask judge to allow Purple Line to proceed while court fight continues." [The Washington Post](#).
- "Pilot injured when blimp goes down near US Open in Wisconsin." [The Associated Press](#).
- "Pruitt: EPA not reviewing California car emissions waiver." [POLITICO Pro](#).

THE COUNTDOWN: DOT appropriations run out in 107 days. The FAA reauthorization expires in 107 days. Highway and transit policy is up for renewal in 1,203 days.

**** A message from the Association of Equipment Manufacturers:** America's infrastructure used to be the envy of the world, but decades of chronic underinvestment and neglect has left us on the verge of losing that advantage. The Association of Equipment Manufacturers believes it is time for the United States to reclaim its Infrastructure Advantage.

To effectively compete in the global marketplace, America's infrastructure must be number one in the world. That's the Infrastructure Advantage. So how do we reclaim it? Here are five key steps. Focus on network and systems. Maximize the use of smart technology. Ensure rural-urban connectivity. Expedite project delivery. Provide adequate and reliable resources. Now is the time to act. It is time to prioritize America's roads and canals, railroads and highways, locks and dams, pipelines and broadband. Learn more about The U.S. Infrastructure Advantage™: aem.org/Advantage. **

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