OFFICE OF THE COUNTY ADMINISTRATOR
CONTRA COSTA COUNTY

TO: Legislation Committee
Supervisor Susan A. Bonilla, Chair
Supervisor Gayle B. Uilkema, Vice Chair

FROM: Lara DeLaney, Legislative Coordinator

DATE: January 27, 2010

SUBJECT: **Agenda Item #4: ARRA Stimulus Funds Status Report**

RECOMMENDATION

ACCEPT report on the State Budget and related matters and provide direction, as necessary.

REPORT

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009, P.L. 111-5. Section 1512 of the Recovery Act requires each organization to report on the use of Recovery Act funding. The Recovery Accountability and Transparency Board ("Recovery Board") has identified and deployed a nationwide data collection system at the website **FederalReporting.gov** that serves to collect data required by Section 1512.

The CY 2009 4th quarter reporting period was from January 1 to January 15th, 2010. This reporting period covers work completed through December 31, 2009. Contra Costa County was in compliance with the 4th quarter reporting period.

Status of ARRA Funds for Contra Costa County

Staff has prepared this status report on the ARRA funds that Contra Costa County is either expecting to receive through formula grants or is applying for through competitive grants. Staff of the CAO and the Auditor-Controller are collaborating to ensure that all reporting requirements are met and all relevant information is captured. Supervisor Bonilla requested that the status report identify the impact of all ARRA funds in terms of job creation, economic impact, social impact, and cost avoidance. The chart identifying the County's participation in ARRA funding opportunities is attached; it is being continuously updated as information from Departments is provided. Staff anticipates returning to the Board on a regular basis with updates on Contra Costa County's experience with ARRA funding. (*See Attachment A*.)

A couple of noteworthy observations:

1. On December 12, 2009, Contra Costa Health Services was awarded an unprecedented $12 million to relocate and rebuild the Richmond Health Center. Funds were awarded through a competitive grant process for a one-time facility improvement opportunity to address significant and pressing capital improvement needs in health centers, including construction and renovation.

2. Community Development Block Grant (CDBG-R): **Six** of the 13 projects have been completed; **one** project is under construction and will be completed by end of January; **two** are in the bidding process and construction is expected to begin by the end of January; **one** is expected to go to bid in February; and the remaining **three** projects are in the plan development stage. It is expected that all CDBG-R projects will be completed and funds drawn down by the end of this fiscal year --well before the September 30, 2011 deadline required by the legislation.

3. Homeless Prevention and Rapid Rehousing Program: Services have started and families are being served. To date, a total of 16 households (47 persons) have received homeless prevention assistance and 3 households (7 persons) have received rapid re-housing assistance.

4. Community Orientated Policing Services (COPS): The Sheriff's Office was not awarded this grant in 2009, however, the application is in "pending" status subject to the release of future funding.

5. Energy Efficiency and Conservation Block Grants (EECBG): Staff met representatives from the Department of Energy before Christmas and found out that we have NEPA (National Environmental Policy Act) and SHPO (State Historic Preservation Office) approvals for our projects. Staff will be submitting them this month, but it takes at least 30 days for approval. In the meantime, we cannot perform actual construction or project work. The draw-down of funds on the 4th Quarter report is comprised of consultant and in-house labor.

6. The current amount of ARRA funds for the Vasco Road Safety Improvement Project is $11,279,083. This is up from the $10 million originally received. The additional amount of ARRA funds came from savings from the Vasco Road Overlay project, below, and from other cost savings realized from other jurisdictions in Contra Costa County. The project is advertised and is planned to go to construction in Spring 2010.

7. The amount of ARRA funds received for the Vasco Road Overlay Project was $2,762,000. However, given the low bids received and additional savings to this project during construction, we have applied some of those savings to the Vasco Road Safety Improvement project as stated above. The remaining portion of ARRA funds applied to the Vasco Road Overlay project is $1,945,770.

8. ARRA funds were applied for, for the Upper Sand Creek Detention Basin Project. However, no ARRA funds were received for this project. Paul Detjens of the Flood Control District has indicated that they have submitted another application for funds should there be another stimulus package in the future.

9. Health Care for the Homeless has received an ARRA award for "Increased Demand for Services" for $22,841 over a two year period, which has allowed an increase in 0.5 FTE for a family physician to see an additional 800 patients over the two year period. We will exceed this goal, having already reported to the federal government an additional 756 new patients seen. Contra Costa Health Services also has received a Capital Improvement Project grant for $683,020 for construction of a new modular unit for the Martinez family practice site. Funds have not yet been drawn down or expended. The Department is still meeting conditions of the award before construction can begin.

Implementation Issues

In January, the National Association of Counties (NACo) commissioned an online survey of implementation issues surrounding ARRA funds. NACo inquired about whether requirements of the Recovery Act were affecting the selection or start of Recovery Act programs in our county. These requirements included: Davis-Bacon Act, Buy American, Local Matching Funds, and Administrative requirements. County departments reported the following:

- "The Davis-Bacon Act requirements have prevented potential partners or subcontractors from participating in the project."
- "Local matching requirements, usually 20% cash match, affect our ability to implement the ARRA programs. Our agency does not have sufficient funds to cover the matching requirement. Hence, we have to collaborate with partners to provide the cash match. Collaboration with other entities is very challenging because it entails a lot of work within short period of time."
- "Some ARRA programs do not provide adequate funding to cover the administration and reporting requirements imposed by the funders."
- "State requirements of competitive bidding in the areas of procurement and contracts have created a big challenge in the implementation of the ARRA projects. There is an insufficient time to plan, prepare, and implement the program in order to comply with competitive bidding requirement, develop and design program services, and hire new staff."
- "The Davis-Bacon prevailing wage requirements will increase program costs of our Department of Energy ARRA Weatherization Assistance program contract. Any contracts awarded by the County must include the Davis-Bacon Act labor clauses and applicable wage determinations for weatherization workers. We

require contractors covered by the Act to submit certified payroll report. This additional work will increase program cost for our sub-contractors."

Jobs for Main Street Act

Although the stimulative effects of the ARRA are not yet fully realized in the economy, there has been much discussion in Congress of a second stimulus bill. On December 16, 2009, by a vote of 217-212, the House of Representatives passed a $154 billion jobs bill (HR 2847). The Senate, however, will likely craft its own version after health care reform is settled. The House's "Jobs for Main Street Act" redirects $75 billion from recovered Troubled Asset Relief Program (TARP) funds to transportation and education programs, and extends several other programs aimed at creating jobs and helping those hit hardest by the recession.

At this time, Senate Democrats have released only an outline of what they are contemplating. The draft shows a sharp turn, though, from the type of stimulus package Congress passed a year ago. At $80 billion instead of $787 billion, the new package is much smaller. It also puts greater emphasis on tax cuts to encourage businesses to hire more workers to bring the unemployment rate below 10 percent. One of the largest components will likely be a job hiring tax credit, which a draft summary of the bill pegged at $20 billion. The tax credit discussion has spurred a lengthy debate about how to design it so that employers do not abuse the system. The push comes on the heels of President Barack Obama's stated goal of a three-year freeze in domestic spending to reduce the federal debt. Such an effort is likely to make competition for federal dollars even fiercer and is driving some of the push to have projects added to the jobs package now under consideration.

A draft of a letter to our federal congressional delegation in support of second stimulus bill is attached. (*See Attachment B*.)

The provisions of the "Jobs for Main Street Act" bill are as follows:

Highways, Transit and Other Infrastructure ($48 Billion)

- Highways & Transit –$35 billion is provided for highways and mass transit.
- School Renovation – provides $4.1 billion to allow State, local, or tribal governments to receive a federal grant equal to the cost of tax credits that would otherwise be payable on bonds issued to finance school construction, rehabilitation or repair.
- Clean Water – Provides $2 billion to build facilities for clean and safe water, including $1 billion for the Clean Water State Revolving Fund and $1 billion for the Safe Drinking Water State Revolving Fund. Half of the funds will include additional subsidies, such as principal forgiveness and grants, to make it easier for more communities to access the programs.

- Bureau of Reclamation – $100 million to provide clean, reliable drinking water to rural areas and to ensure adequate water supply to areas impacted by drought.
- Housing – provides $2 billion to build, preserve, and rehabilitate affordable rental homes for very low-income households and for repairs and rehabilitation of public housing.
- Hiring of Teachers, Police, Firefighters & Job Training ($27 Billion)
- Education – Includes $23 billion for an Education Jobs Fund focused on paying salaries. It is estimated that this will save or create an estimated 250,000 education jobs over the next two years. Funds can also be used to modernize, renovate, and repair public education facilities.
- Police & Firefighters – Provides $1.8 billion to put over 5,000 law enforcement officers on the beat and invest in hiring and retaining firefighters, and $500 million to retain, rehire, and hire firefighters.
- Training – Provides about $2 billion for other hiring and training programs, to support 25,000 more Americorps volunteers and 250,000 youth summer jobs; to expand college work study jobs for 250,000 students; and to support job training for 150,000 people in high growth industries, such as health care and clean energy jobs, at community colleges.

Small Business

The package extends several Recovery Act initiatives aimed at helping America's small businesses create jobs:

- Eliminates fees on Small Business Administration (SBA) loans to make them more affordable for small businesses, and
- Encourages banks to lend to small businesses by raising to 90 percent (from 85 percent) the portion of a loan that the Small Business Administration will guarantee.
- Emergency Relief to Families Hit by the Recession ($79 billion)
- Unemployment Benefits -- Extends emergency unemployment benefits through June of 2010. The program expires at the end of the year and without an extension, roughly one million Americans will lose their emergency benefits in January 2010.
- Help with Health Insurance for Unemployed Workers (COBRA) -- Extends through June 30, 2010 the 65 percent subsidy to help the unemployed continue COBRA health coverage. (It makes these benefits available for people who were involuntarily separated from their jobs through June 30, 2010 and extends the months of help from 9 months to 15 months.)

- Medicaid (FMAP) -- Extends the provisions in the Recovery Act that provide the states with additional federal matching funds for Medicaid for six months – from December 31, 2010 to June 30, 2011.

- Child Tax Credit – Makes the Child Tax Credit available to all low-income working families with children in 2010. (Under the Recovery Act, families must earn at least $3,000 in order to begin to take advantage of the $1,000 Child Tax Credit.)

Other Provisions

- Energy Innovation Loans – provides $2 billion for the Department of Energy Innovative Technology Loan Guarantee Program, to promote the rapid deployment of renewable energy and electric transmission projects.

- Surface Transportation Authorization Extension – Extends the authorization for the highway, transit, highway safety and motor carrier safety programs of the Department of Transportation until September 30, 2010. In addition, the bill includes language that provides 100% federal share for the transportation programs authorized in the bill, repeals the provision that prohibits Highway Trust Fund balances from earning interest, and restores $20 billion to the Highway Trust Fund.

(Note: Neither this bill nor the Department of Defense appropriations bill contains a provision to prevent the estate tax from expiring for a one year period beginning January 1, 2010. The House has passed a bill, HR 4154, that would prevent the expiration and set the estate tax exemption at $3.5 million and the top tax rate on larger estates at 45 percent. But the Senate has not taken action and attempts in December 2009 to negotiate a deal failed.)