

COUNCIL AGENDA REPORT

February 15, 2011

TO: City Council

FROM: City Manager

Prepared by: Mark van de Kamp, Management Analyst II

SUBJECT: **FEDERAL STIMULUS UPDATE, YEAR TWO OF THREE**

RECOMMENDATION:

That the City Council receive as information this status report regarding Federal stimulus funding grants and entitlements that the City of Santa Maria is receiving and putting to work. No action is required.

BACKGROUND:

Two years have passed since President Obama signed the \$787 billion American Recovery and Reinvestment Act (ARRA), on February 17, 2009. This consists of \$288 billion in tax credits and \$499 billion in spending. Generally, the ARRA program requires recipients to complete projects by February 2012, although other deadlines apply to specific programs.

The City of Santa Maria is incrementally receiving reimbursement payments for the \$14,720,989 it was awarded in ARRA funds for projects and programs in eight categories. These include transportation and transit projects, two future fire stations, energy efficient lighting, law enforcement, and homelessness prevention services. In addition, the U.S. Army Corps of Engineers was awarded \$40.2 million in April 2009 for the Santa Maria River Levee Improvement Project. The City's diligent lobbying efforts significantly contributed to securing that important funding.

DISCUSSION:

In the first two years of the ARRA program, the City has made significant progress toward completing projects to benefit the community. Activities necessary to satisfy Federal requirements include application submittals, review and revisions required by Federal and State agencies, National Environmental Policy Act documents, authorization to proceed, project design, advertisement, bidding, and award. Since projects began, the City has submitted invoices to be incrementally reimbursed with ARRA funds. Within the \$14.7 million, a portion of this funding is being allocated to the

City of Guadalupe and the Santa Barbara County Sheriff's Department through project-specific cost sharing arrangements.

The following is a depiction of the identified uses of the \$14.7 million in ARRA funds by category in order of funding received.

Transportation and Transit - \$7,095,792

The City conducted multiple transportation projects using one-time ARRA funds, and most have been completed. Further, most projects were awarded to local companies, distributing new revenue into the local economy.

Completed projects include two asphalt overlay projects on various City streets, and three concrete repair and ADA ramp projects. Roads receiving asphalt overlays were segments of Alvin Avenue, Battles Road, Black Road, College Drive, Donovan Road, Miller Street, Railroad Avenue, and Western Avenue. Additionally, East Main Street was reconstructed along the landfill frontage, and fog seal was applied on Philbric Road.

Concrete repair and construction improvements were made along segments of Thornburg, along West Taylor Street, Sunrise Drive, and along Broadway (State Highway 135) from Preisker Lane to Fesler Street. Note that the work on Broadway is nearing completion. The various types of concrete improvements included sidewalk, curb, gutter, cross gutter, spandrel, driveway ramps, ADA accessible ramps, and alley ramps.

To maximize remaining funds within grant constraints, staff is identifying one more potential project and assessing amendments.

Santa Maria Area Transit is using \$1.4 million ARRA funds for new vehicles. Two new buses are in production and are anticipated to go into service in March. Six new ADA paratransit vans went into service in July 2010. These new vehicles will replace older vehicles currently in service, increasing service reliability and decreasing fuel costs.

Slightly more than \$1 million in ARRA funds assisted in construction of the Santa Maria Intermodal Transit Center at Boone and Miller streets, set to open this spring. The Council awarded the \$3.5 million bid to Vernon Edwards Constructors, Inc. of Santa Maria, in late 2009.

Fire Stations - \$4.6 million

The City secured competitive ARRA grants in the amount of \$4.3 million for construction of two new fire stations. Additionally, the Community Development Block Grant funds of \$341,281 will be used for construction, if necessary. Designs are complete, and these facilities are to be built on City-owned land. The Council acted on November 16, 2010 to call for bids for Fire Station 3, to be located on Preisker Lane. Trees have been removed in preparation for construction. The bid award is scheduled to come before the Council on March 1st. The lowest bid was more than \$500,000 less than the engineer's

estimate, and the Director of Public Works anticipates that the City will be able to build the Station entirely with ARRA grant funds with no impact to the General Fund.

On February 1st, the Council gave approval to call for bids on the plans and specifications for the Northeast Fire Station No. 5, to be located at East Donovan and Suey Crossing Road. The bid opening is scheduled for March 1st and the Council will be asked to award the contract on April 4th. Both of these new Fire Stations will improve emergency response times to some of the busiest areas of the City. As Council is aware, the addition of Station No. 5 will require additional staffing and increased annual operational budget impacts of approximately \$1.6 million beginning July 2012. Funding options will be explored in order to finance this increased operational expense.

Neighborhood Stabilization - \$1,258,602

This one-time Neighborhood Stabilization Program grant agreement was issued to the City on December 30, 2009. Using those funds, the City has purchased three residential properties: A single-family residence at 819 Sombrero Way that will be resold through Habitat for Humanity; a triplex at 607 West Cook Street that will be long-term affordable housing through People's Self-Help Housing Corporation; and duplex at 614 South Pine Street that will be long-term affordable housing through the Good Samaritan Shelter.

Energy Efficiency - \$826,000

The City is nearly complete with an energy efficiency project at its three-level, 1800-space Town Center Parking Structure A, adjacent to Cook Street. Brighter and whiter induction lighting has been installed, replacing the high-pressure sodium lights that cast an amber glow. In addition to being energy efficient, the new lights also have a much longer life expectancy. In addition, a new lighting controller and communications connection are being installed, which will allow for more efficient programming and real time of the lights by City Staff. This will further reduce long-term operating costs. Through a competitive bidding process, Santa Maria Electric, Inc. was awarded the job by the City Council on July 6, 2010 for \$558,720. Counting staff overhead and associated costs the total was \$698,464. The results are better visibility for shoppers and employees at nearby stores, offices and government buildings.

To maximize remaining funds within grant constraints, staff is identifying two other potential projects and assessing amendments.

Homelessness Prevention Services - \$521,839

As of December 31, 2010 some 1,500 individuals have received assistance through this new funding. The assistance primarily benefits individuals and families who are at risk of becoming homeless or already are experiencing homelessness. The funds are intended to target those whose income does not exceed 50 percent of the area median income. Eligible activities include: Financial assistance, such as rental assistance, security deposits, utility deposits, utility payments, moving costs, and hotel/motel vouchers; and housing relocation and stabilization services, such as case management, outreach, housing search and placement, legal services, and credit repair.

The City is also receiving a one-time ARRA grant of \$521,839 over three years, and dispersing funds, pursuant to Council action in September 2009, to five local social service agencies to provide services and direct assistance to individuals and families that are in the greatest need and have been hardest hit by the current economic crisis. The five recipient agencies are: Good Samaritan Shelter/Catholic Charities Collaborative (\$343,375); Legal Aid Foundation of Santa Barbara County (\$66,685); Cabrillo Economic Development Corporation (\$41,000); Domestic Violence Solutions of Santa Barbara County (\$31,058); and People's Self-Help Housing Corporation (\$27,675). Five percent may be used for City administrative costs, to help defray staff time.

Community Development Block Grant – Recovery - \$341,281

The Community Development Block Grant-Recovery funds of \$341,281, pursuant to Council action in June 2009, are being used for the Northwest fire station project. Ten percent may be used for City administrative costs, to help defray staff time.

Law Enforcement - \$308,568

The City has received \$152,759 through December 31, 2010 from the Edward Byrne Justice Assistance Grant (JAG). This one-time funding source is being used to fund a portion of one police officer for two years. Previously, this position was funded by State funding that has since been eliminated.

Santa Maria Levee - \$40.2 million

(While the City is not a direct recipient of Federal stimulus funds for this project, staff felt it appropriate to include this project since the Army Corps allocated 10 percent of its entire Federal stimulus program budget to the Santa Maria Levee Improvement Project.)

The Army Corp of Engineers has been allocated \$40.2 million of Federal Stimulus Funds and \$6.7 million in previously approved Federal appropriations for improvements to the Santa Maria Levee from Blosser Road to the Bradley Canyon Confluence (east of the Santa Maria Regional Landfill). The project is divided into two phases.

Phase one is from Blosser Road to the Suey Crossing Bridge. The improvements consist of construction of an 8-ft wide and 30-ft deep compacted soil cement section next to the existing Levee. The low bid was \$10 million by R. Williams Construction from Lompoc. Construction began on April 1, 2010 and as of February 2011 major work is nearly complete.

Phase two is from Suey Crossing Bridge to Bradley Canyon Confluence. This project adds 1,700 feet of steel sheet pile along the levee at the upstream end of the soil cement levee portion. The low bid was \$11.7 million by Wood Brothers from Lemoore, California. Construction is several months along and work is progressing.

Fiscal Considerations:

The \$14,720,989 in one-time ARRA funding is creating significant positive economic impacts throughout the community. The City is being reimbursed with ARRA funds

when it submits invoices for work completed. Through December 31, 2010 the City has received slightly more than \$6 million in Federal stimulus funds.

Nationally, \$475 billion in ARRA funds have been awarded, with \$355 billion paid to various agencies as of January 21st, according to www.recovery.gov. Of that amount, \$37.8 billion of the \$51 billion allotted statewide has been paid.

A chart depicting ARRA funding pledges to the City is attached (Attachment A). Stimulus funds are disbursed either as entitlements or grants. Entitlements are funds disbursed to the City based on community statistical formulas, while grant funding is usually received based upon specific projects submitted to agencies through a competitive process. Funds may be either issued directly to the City in a lump sum, or reimbursed when the City submits invoices for work completed.

Impact to the Community:

The infusion of ARRA stimulus funding is having a positive impact on the community of Santa Maria. These funds are unanticipated, and therefore relieve funding constraints that may occur with other funding sources. All of the projects are resulting in improved services to the population in general, and some projects are targeted to the neediest individuals and families in our community.



MARK VAN DE KAMP
Management Analyst II

Attachments: Stimulus Funds Pledged to the City

Xc: Chief Deputy City Clerk



Stimulus Funds Pledged to the City of Santa Maria



ARRA FUNDS TO THE CITY OF SANTA MARIA	
Recovery Act of 2009 Program:	Amount:
Transportation and Transit	\$7,095,792
Fire Station Construction Grants Program	\$4,368,907
Neighborhood Stabilization Program	\$1,258,602
Energy Efficiency & Conservation Block Grant	\$826,000
Homelessness Prevention Services	\$521,839
Community Development Block Grant	\$341,281
Edward Byrne JAG Funding	\$308,568
Total:	\$14,720,989

The Fire Station Construction Grants were competitive on a National basis.

The rest of the funding are allocations based on population.