

**TO:** CITY OF SALEM ECONOMIC STIMULUS SUBCOMMITTEE  
**THROUGH:** *E.O. for*  
LINDA NORRIS, CITY MANAGER  
**SUBJECT:** UPDATE ON CITY OF SALEM AMERICAN RECOVERY AND REINVESTMENT ACT ACTIVITIES

**ISSUE:**

To provide the City Council with an update on the City's American Recovery and Reinvestment Act of 2009 activities.

**RECOMMENDATION:**

Information Only

**BACKGROUND:**

On February 13, 2009, Congress passed the American Recovery and Reinvestment Act (Recovery Act) of 2009. President Obama signed the Recovery Act into law four days later. The Recovery Act was designed with three immediate goals in direct response to the economic crisis:

- Create new jobs and save existing jobs
- Spur economic activity and invest in long-term economic growth
- Foster unprecedented levels of accountability and transparency in government spending

**City of Salem Response**

To enable the City to respond quickly to the Recovery Act's funding opportunities and meet the mandated levels of accountability and transparency, the City formed three new groups: the Salem City Council Economic Stimulus Subcommittee, a staff stimulus work group, and a Transparency and Accountability Committee. The roles of these groups are described below in greater detail.

*Salem Economic Stimulus Subcommittee*

The City Council established a Council Economic Stimulus Subcommittee in February of 2009. The Subcommittee has been tasked with prioritizing and providing guidance on stimulus projects and approving applications, or recommending approval to the City Council when time permits, for funding prioritized projects. The focus of the Subcommittee has been on projects that:

- Meet appropriate federal or state funding criteria, including immediate creation of jobs and degree of readiness;
- Create long-term jobs, thereby having a positive secondary economic impact;
- Address an identified need and meet the City's strategic goals;
- Leverage other funds or allow existing funds to be reallocated, and
- Serve large portions of the community

### *City Staff Stimulus Workgroup*

Prior to the Recovery Act's enactment the City Manager convened a work group of key staff, with the primary purpose of working with state and federal agency contacts to identify the method, timelines, and criteria under which funds are to be allocated. This work group has also been charged with identifying City projects and programs that are eligible for funding under the Act. Under the direction of the Deputy City Manager, the work group continues to meet frequently to discuss funding opportunities, application and project status, and accountability and transparency compliance. New funding opportunities continue to be explored; however, as the number of opportunities has diminished, more attention has been redirected to ensuring grant award assurances are met, including the reporting of stimulus activities to award agencies and the federal government.

### *Transparency and Accountability Committee*

The City Manager selected staff members from the City Manager's Office, Contracts and Procurement, IT, and Project Accounting to provide direction and oversight in complying with the Recovery Act's transparency and accountability requirements. This group of employees comprises the Transparency and Accountability Committee (TAC). The TAC works with stimulus project managers and other involved staff to ensure necessary maintenance of project grant files; accurate and appropriate accounting of revenues and expenditures; complete adherence to procurement and contracting regulations of the Recovery Act, such as the Buy-American requirements and Davis Bacon prevailing wage laws; and timely and accurate reporting of information to the central, federal database known as [federalreporting.gov](http://federalreporting.gov). The TAC has worked with the stimulus work group to develop internal operating procedures on stimulus funding and maintain the City's stimulus webpage.

### **FACTS AND FINDINGS:**

The Recovery Act allocates additional funding to existing programs and establishes and funds new programs. In general, there are three ways that cities obtain funding under the Recovery Act. Depending on the program, funds either come from state or other agencies acting as a pass through, are distributed through existing federal agency

formula distributions, or are allocated through competitive grant programs (also known as discretionary funding programs).

The City has applied for, and been awarded in several instances, funding through each of the three mechanisms noted above. Applications totaling nearly \$83.7 million have been prepared and submitted by staff to federal and state agencies. To date \$13.4 million has been awarded to City projects managed by the City or other agencies; applications totaling just under \$32 million were not funded by awarding agencies; and the funding decision has yet to be made on applications for projects totaling nearly \$38.4 million. Further details with respect to the unfunded, outstanding, and funded Recovery Act applications are given below.

### **Unfunded Applications**

The Public Works Department submitted applications totaling nearly \$31 million for Recovery Act funding via the Clean Water and Drinking Water State Revolving Loan Fund programs. Applications for wastewater treatment plant upgrades, a fuel cell at Willow Lake, bio-swales at Court and Lafelle Streets, and an underground injection control at SUMCO North were not selected as funding was disbursed generally to utilities not meeting permit or discharge requirements or having some other latent deficiency. Since the City's utilities have been maintained at adequate levels, the City's projects were not scored as priorities for the limited funds.

The City was also unsuccessful in its efforts to secure COPS Hiring Recovery Program (CHRP) funding to offset the cost—for a three year period—of hiring four additional police officers. The City's request of \$973,000 was among the \$8.3 billion in competitive submissions for the Recovery Act's \$1 billion in appropriations for CHRP. All CHRP applicants provided objective data in their applications regarding their jurisdiction's fiscal health, UCR-reported crime, and community policing plans. The fiscal health factors accounted for 50 percent of the total application index, and the crime statistics and community policing plans accounted for the other 50 percent. When evaluated against other jurisdictions the City was not determined to be an agency with the greatest need for funding.

### **Outstanding Applications**

The City is awaiting a decision on three separate applications submitted under the Broadband Technology Opportunities Program (BTOP). The three BTOP projects (totaling \$177,825) include improved connectivity at the Central and West Salem Branch of the Library, computers and equipment for a teen library, and computers and equipment for a computer center at Center 50+. Governor Kulongoski's office issued a letter to the National Telecommunications and Information Administration (NTIA) on October 14 recommending ten BTOP applications that "best meet Oregon's needs." All

three of the City of Salem public computing center applications were included on the final list of ten. NTIA has indicated that award announcements for the first round of BTOP funding should be made in early December.

The City recently submitted an application for Local Energy Assurance Planning dollars to the Department of Energy. If successful, the City will receive up to \$175,000 to complete a plan, along with training and exercises, to improve Salem's ability to continue important business operations during a short-term or sustained loss of normal energy supplies. A decision on the application is not expected to be received until June 2010.

The City also submitted a \$38 million application under the Grants for Transportation Investment Generating Economic Recovery (TIGER) program. The City's TIGER grant application included letters of support from Governor Kulongoski, Congress Member Schrader, and Senators Wyden and Merkley. If awarded, this grant would allow the widening of Kuebler Blvd. from Interstate 5 to Highway 22. The announcement of TIGER awards is expected to come in January 2010.

### **Funded Applications**

As mentioned previously, projects submitted by City staff have resulted in awards totaling nearly \$13.4 million. While these projects provide direct benefit to the City and City staff was instrumental in securing the awards, the funding flows to and is managed by another agency in several instances. The awarded projects discussed below have been divided into two categories: City Managed and Other Agency Managed Projects. The following paragraphs summarize the projects within these categories. An overview of reporting responsibilities associated with all Recovery Act awards is provided thereafter.

#### *City Managed Projects*

##### Recovery JAG

In late July, the City received notification of a formula grant award under the Edward Byrne Memorial Justice Assistant Grant (JAG). The purpose of the 2009 Recovery Act JAG is to provide federal, state and local jurisdictions with funds needed to support the criminal justice system. The City of Salem was named as the lead agency and fiscal agent on an award totaling over \$818,000 to be distributed among five agencies: Salem Police Department, Keizer Police Department, Marion County Sheriff, Silverton Police Department, Stayton Police Department and Woodburn Police Department.

The Salem Police Department will receive \$572,169 of the award to purchase equipment to enhance the department's approach to community crime prevention and improve the effectiveness and efficiency of the agency. Some of the planned equipment purchases include a mobile interactive crime prevention unit, in-car video systems for patrol vehicles, a license plate recognition system, and fingerprinting equipment. It is anticipated that the equipment will be procured by the end of July 2010.

#### Community Development Block Grant

The City received a formula allocation of \$390,778 through the Recovery Act Community Development Block Grant (CDBG-R) program. The objectives of the CDBG-R are preserving and creating jobs, promoting economic recovery through job creation, assisting those most impacted by the recession, and minimizing or avoiding reductions in essential services. The CDBG-R funds will be coupled with funding from other sources to complete a \$1.3 million rehabilitation of the north and south wings of a medical facility in West Salem servicing homeless and low income patients. The rehabilitation will increase the efficiency of patient flow and provide a dozen new exam rooms, more nurse stations, and additional storage for medical records.

The project is currently underway and has an expected construction completion date of January 2010. Upon completion of the project, the Northwest Human Services facility will have capacity to serve 4,000 additional new patients. The project has created approximately five jobs to date, and the rehabilitation will allow for the creation of three new, permanent positions.

#### Homeless Prevention and Rapid Re-Housing

The Homelessness Prevention and Rapid Re-Housing Program (HPRP) was established to assist families/individuals that are currently at risk of becoming homeless or those experiencing homelessness who stand in need of temporary help. The City has sub-granted its \$597,562 formula grant, less a small amount for administrative costs, to the Mid-Willamette Community Action Agency. The agency will use the funds to provide homelessness prevention assistance to households who may otherwise become homeless (many due to the economic downturn) and provide assistance to rapidly re-house persons who are presently homeless. The City will release funding to the agency as it provides the required client documentation.

#### Public Housing Capital Funds

Shortly after the passage of the Recovery Act, the Department of Housing and Urban Development notified the Salem Housing Authority that the agency would be receiving a Public Housing Capital Fund formula allocation of \$984,210. The intent of the formula

grant is to spur immediate job creation and to preserve and improve long-term efficiencies in the nation's stock of public housing.

The Housing Authority has used Recovery Act funding to offset the cost of exterior painting at Glen Creek Village and roof replacements on 30 public housing apartments and 18 public housing units. A majority of the grant (\$747,000) has been dedicated to energy upgrades in 72 public housing units. Upgrades include energy star windows, solar water heaters, energy star furnaces and ductwork, additional attic and floor insulation, and energy efficiency lighting. Capital fund grant projects have created approximately 4.5 direct jobs to date. All work is expected to be completed by the end of the calendar year.

#### Energy Efficiency Conservation Block Grants

The Energy Efficiency Conservation Block Grants address reductions in energy consumption and green house gas emissions and promote job creation through the establishment of a City strategy and projects to achieve the goals of the strategy. The City received a formula grant allocation of \$1,521,200 for these purposes.

The City's energy strategy has been broken into two elements: a community strategy regarding the larger Salem area and how the community as a whole can improve and a municipal strategy to address City buildings and operations. The community strategy is currently under development through a combination of City and community meetings, data gathering, comparisons, and analysis. Defined projects and programs which will aid the Salem community in conserving resources and planning for the future will result from this process. The municipal strategy has identified the City's most problematic facilities in terms of energy consumption, and an analysis is ongoing to identify the corrective projects that will yield the best results. The final projects list should be completed by the beginning of December.

The strategies and work plans must be submitted to the Federal Department of Energy (DOE) by December 26, 2009. Upon acceptance of the projects and strategies by DOE, the full amount of the funds will be released to begin the work. All funds must be committed and spent by August 28, 2012. An estimate of job creation should be available after projects have been selected. Each of the projects will work toward reducing the City's energy costs and creating jobs

## *Other Agency Managed Projects*

### Transportation Infrastructure: Pavement Resurfacing

In May 2009, work began on a \$3.95 million Recovery Act project to restore and resurface several segments of Salem arterial streets. This project contributes to the overall objectives of the Recovery Act by investing in Salem's transportation system and providing work for local contractors and suppliers. Four primary street segments have been identified for resurfacing—sections of Hyacinth Avenue NE, Hawthorne Avenue SE, Chemewa Road NE, and Kuebler/Cordon Road SE. Four alternate segments—sections of Capital, Summer, Market and 13<sup>th</sup> Streets—have been identified as projects to be undertaken if funds are available following construction of the primary street segments.

Most of the work will provide a new lift of asphalt on each street segment, applied either as an overlay or grind and inlay of the existing pavement. Additional work will include minor base repairs in failure areas, striping, an ADA ramp, and signal upgrades where feasible. Using a job creation rate of 18 per million dollars of construction and 6 per million dollars of design and project administration, this project is estimated to create approximately 68 jobs. Oregon Department of Transportation (ODOT) is responsible for the management and overall job creation and expenditure tracking of this project. Construction is scheduled for completion in August 2010.

### Transportation Infrastructure: Pedestrian/Bicycle Pathway

ODOT is currently managing a project with a total budget of \$246,000 to construct a lighted, concrete multi-use pathway for pedestrians and bicycles in Wallace Marine Park between the Union Street Railroad Bridge and Glen Creek Road. A total of \$50,000 of Recovery Act funding has been awarded for preliminary engineering. The remaining project funds will come from federal surface transportation funding and Salem Urban Renewal matching funds. The objective of the project is to increase safety for pedestrians and bicyclists accessing the Union Street Railroad Bridge by creating a separate route from the existing vehicular roadway in Wallace Marine Park.

The project began in May 2009 and is scheduled for construction completion in the fall of 2010. Using a job creation rate of 18 per million dollars of construction and 6 per million dollars of design and project administration, this project is estimated to create approximately 4 jobs. As the managing agency, ODOT is responsible for overall job creation and expenditure tracking for this project.

### Transportation Infrastructure: Pedestrian/Bicycle Bridge

In spring of 2009, the City of Salem was awarded \$3.5 million in stimulus funds from ODOT's transportation enhancement program for the second phase restoration of the Union Street Railroad Pedestrian and Bicycle Bridge. The project will result in the encapsulation of lead-based paint, painting, bridge repairs, and installation of security cameras.

After a competitive bid process, ODOT recently awarded the construction contract for the restoration work. Construction work on the bridge commenced on November 9 and is anticipated to be complete by mid-May 2010. ODOT will maintain responsibility for job creation and expenditure tracking on this project.

### Diesel Emissions Reduction Act

The City of Portland directed the submission of a successful, multi-agency Recovery Act grant application to reduce diesel emissions in Oregon. Approximately \$255,000 of the grant award will be used to retrofit 28 City of Salem vehicles with diesel emissions reducing devices. The City is currently arranging for temperature testing on 28 targeted vehicles in order to determine which device is appropriate for installation on each fleet unit. The retrofits will be completed sometime before the September 30, 2010 grant deadline.

### Emergency Watershed Protection Program

The US Department of Agriculture's Natural Resources Conservation Service (NRCS) was allocated Recovery Act dollars to carry out a flood plain easement and natural habitat restoration project at Salem's Minto-Brown Island Park. The project will restore 198.5 acres to a natural, native condition and maintain new plantings for a period of three years. One of the project benefits will be improvement in downstream water quality as the amount of erosion in the easement area is reduced. The total estimated amount of the grant is \$1,559,407, including the easement purchase price of \$818,000.

NRCS is responsible for the management of the project and associated reporting requirements, but the agency has partnered with Salem in the development of the restoration plan. NRCS and the City scheduled five public meetings in late October and November to seek resident involvement in the design process. Four of the five meetings have taken place and the final meeting is scheduled for November 24, 2009. Planting in the restoration area will begin in early 2010.

### *Reporting Responsibilities*

The Recovery Act makes it clear that taxpayer dollars spent under the Act will be subject to unprecedented levels of transparency and accountability. Section 1512 of the

Recovery Act states that within 10 days after the end of each calendar quarter recipients of Recovery funds must submit reports on the use of those funds. The City submitted its first reports between Oct. 1 and Oct. 10, 2009 as required.

Reports include data such as the total amount of funds received, the amount of those funds expended; and a description of the project funded by the monies, including place of performance and an estimate of the number of jobs created. In late October, the first recipient reports on Recovery Act spending began appearing on Recovery.gov. The next round of reporting, which includes the current quarter, will commence on January 1, 2010, with initial report submissions being due by the tenth of the month.

### **Moving Forward**

The City has been active in response to funding opportunities and in fulfilling the responsibilities attached to the acceptance of Recovery Act funding. At the direction of the Council staff will continue to evaluate and pursue Recovery Act funding as opportunities present themselves. The City will continue to utilize the stimulus webpage available at <http://www.cityofsalem.net/stimulus> to inform the public of the City's Recovery Act efforts and will encourage accountability and transparency through the webpage and reporting of information to the federal government and awarding agencies.

Prepared by:

  
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