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FEB 19 2010

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Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ed Shikada

SUBJECT: SEE BELOW

DATE: 2-17-10

Approved

Date

2/18/10

INFORMATION

SUBJECT: FEBRUARY 2010 UPDATE ON CITY RECOVERY ACT EFFORTS

This month marks the one year anniversary since the passage of the American Recovery and Reinvestment Act of 2009 (Recovery Act) on February 17, 2009. Since then, City staff have been actively engaged in tracking and pursuing funding opportunities that have been made available through the Recovery Act and have kept the Mayor and Council apprised of the City's efforts through information memoranda, City Manager's Weekly Reports and through various Council agenda items. This information memorandum provides a comprehensive update on Recovery Act efforts that have occurred since our last report in October of 2009.

To date, the City is estimated to receive over \$105 million in Recovery Act funds through a combination of formula and competitive allocations. The funding will be used to help the City repave streets, invest in energy efficiency and renewable energy, fight crime, expand recycled water infrastructure, provide affordable housing and offer job training for youths and adults. Attachment A provides a comprehensive list of City of San José projects that have been approved to receive Recovery Act funds.

PROGRAM UPDATES

The following are brief summaries of recent activities in each of the eight City Recovery Act Program Areas:

Aviation (Estimated Recovery Act Funds - \$26.1 million): Construction is progressing well on the Taxiway W Phase I Improvements project, with 75% completion achieved thus far. On August 10th, the Federal Aviation Administration (FAA) awarded \$5.2 million in Recovery Act funds for this project, with construction anticipated to complete by this spring.

Work is also underway to install a new state-of-the-art checked baggage screening system at the Airport's new Terminal B. Partially funded by the Transportation Security Administration

award of \$20.9 million in Recovery Act funds, the new equipment is expected to be in place and operating by the June 30th opening of Terminal B.

Economic/Workforce (Estimated Recovery Act Funds - \$12.8 million): With funding support from the Recovery Act, work2future has been providing additional services to adult and laid-off job seekers through increased services at One-Stop Centers, including extended hours, additional workshops and expanded training opportunities. In addition, work2future was able to support over 900 at-risk youth in a summer work experience program, with another 150 older at-risk youth continuing to participate under the program until March 2010. Also, work2future has developed a pilot program, the Green Cadre Program, with approximately 50 youth participating in green work experience, training and community advocacy programs.

In January, the City was informed by the Employment Development Department that an additional \$902,329 in Recovery Act funds will be allocated to work2future to further supplement the Dislocated Worker Program. Work2future will use 100% of the funding to provide training services to eligible dislocated workers.

Last September, the City submitted a grant application to the U.S. Department of Labor (DOL) for funding under the Pathways out of Poverty program to provide training and placement services in the energy efficiencies and renewable energy industries. Unfortunately, the San José application was not included in the DOL announcement of grant awards for this program in early January.

Energy (Estimated Recovery Act Funds - \$9.9 million): On October 27th, the U.S. Department of Treasury approved the allocation of \$1,994,510 in Clean Renewable Energy Bonds (CREBs) to San José. These energy bonds help government agencies, public power providers and cooperative electric companies obtain lower cost financing for clean energy development projects. These bonds function as tax credit bonds which allow investors to receive federal tax credits in lieu of the payment of a portion of the interest on the bond. The City will use CREB proceeds to provide for the installation of a photovoltaic energy generation system at the Fowler Pump Station.

On July 22nd, the City received a tax credit allocation of \$9,750,905 for Qualified Energy Conservation Bonds. Qualified Energy Conservation Bonds (QECBs) are a form of tax credit bonds designed to finance energy efficiency and renewable energy projects. As part of this Recovery Act program, cities with populations of 100,000 or more receive a volume cap award allocation. On January 27th, a Plan of Issuance with a preliminary list of energy efficiency and renewable energy projects was submitted to the California Debt Allocation Committee (CDLAC). Staff will further evaluate the feasibility of the projects and submit an Updated Plan of Issuance by June 30th to meet CDLAC's requirements for the QECB program.

On December 21st, the U.S. Department of Energy (DOE) approved the award of \$8.8 million in Energy Efficiency and Conservation Block Grant (EECBG) funds for San José. The funds will be used for Municipal Energy Efficiency and Solar activities and to support the installation of LED streetlights throughout the City.

On January 5th, the DOE finalized the award of \$1,016,636 in Solar America Cities grant funds to the City for a variety of projects that support the expanded use of solar technology in San José. The projects focus on increasing awareness of energy financing strategies to property owners through coordinated outreach activities, increasing awareness of the multiple, viable solar technologies by ensuring the community has hands-on educational opportunities and increasing the available resources for green collar workforce training. San José was selected as one of 16 Solar America Cities in the United States to receive Recovery Act funds through a competitive application process.

The City of San José is part of the Sacramento County SEP Municipal Financing program, which was awarded \$16 million, and the ABAG California Comprehensive Residential Retrofit Program, which was awarded \$10 million. While the City will not be receiving the funds directly (the grants will be administered by the County of Sacramento and ABAG respectively), the grant funds will benefit our residents directly. The Municipal Financing program will fund each participating city's administrative cost to participate in CaliforniaFIRST, saving the City's Energy Program budget approximately \$30,000. The balance of the grant will be used to reduce the interest rate that residents will be required to pay for energy efficiency and solar under the CaliforniaFIRST tax-based financing program. The Residential Retrofit grant will augment the Silicon Valley Energy Watch program, adding approximately \$1.5million to the countywide residential energy efficiency program.

On October 20th, the City submitted a \$300,000 grant application to the DOE for funding under the Local Energy Assurance Planning (LEAP) Initiative to support development of an energy assurance plan. DOE award announcements are expected by this summer.

Last September, the City submitted a \$5 million grant application for funding under the Community Renewable Energy Deployment (CRED) program to support the purchase and installation of a photovoltaic energy system at the Clean Tech Demonstration Center. Unfortunately, the San José application was not included in the DOE announcement of grant awards for this program in December.

Housing (Estimated Recovery Act Funds - \$31.8 million): On January 14th, the U.S. Department of Housing and Urban Development (HUD) awarded \$25 million in competitively awarded Recovery Act funds to the Neighborhood Stabilization Program 2 (NSP2) Consortium which is comprised of the Housing Trust of Santa Clara County, Neighborhood Housing Services Silicon Valley and the City of San José Housing Department. The Consortium will use the awarded funds to reduce the number of foreclosed and abandoned homes, residential properties and to stabilize surrounding neighborhoods.

Additionally, the Consortium will provide secondary financing for income eligible purchasers of foreclosed homes and provide homebuyer counseling to prospective homebuyers. Under the NSP2 award, the Consortium will allocate up to \$18 million to purchase and rehabilitate approximately 250 foreclosed and abandoned homes to promote neighborhood stabilization and to provide economic benefit to impacted communities in targeted areas in the City of San José. Targeted areas have been identified as those hardest hit by foreclosures and in need of stabilization.

Public Safety (Estimated Recovery Act Funds - \$2.6 million): In January, the City received approval for a \$375,000 Recovery Act grant from the California Emergency Management Agency Anti-Human Trafficking Task Force to support the Anti-Human Trafficking Task Force in San José. The focus of this program is the expansion of the existing multi-disciplinary task forces to improve both the law enforcement response to all elements of human trafficking and coordination between disciplines to ensure a comprehensive continuum of care is provided to the victims of human trafficking. The City of San José is one of six law enforcement agencies in California to receive such funds.

Last April, the City submitted a grant application to the U.S. Department of Justice (DOJ) for funding under the Edward Byrne Competitive Grant program to provide partial funding for the purchase and installation of an Automated Field Reporting/Records Management System (AFR/RMS). Unfortunately, the San José application was not included in the DOJ announcement of grant awards for this program in November.

Technology: On January 15th, the Department of Agriculture and the Department of Commerce issued the second Notice of Funding Availability (NOFA) for Recovery Act funding opportunities related to broadband projects. This second notice differed from the first notice in a couple of notable ways. First, while the requirement that projects meet criteria for “unserved” and “underserved” populations was relaxed, the notice was clear that projects meeting these criteria would get preferential scoring. Staff has not been able to identify any projects on our project lists that can meet either of these criteria.

Further, the second notice adds new evaluation criteria that encourages joint use projects. Since the City does not have any joint use projects at this time, developing, designing and engineering a joint use project in the 45-day proposal submission window is not possible at current staffing levels.

In addition to the two changes noted above, this new funding notice includes a requirement for a 20% City match. Unfortunately, the City is not able to identify any unallocated funds to address the 20% match requirement.

Given the additional criteria described in this new NOFA, plus the 20% funding match requirement, staff believes there is no realistic opportunity for the City to seek Recovery Act funds for local broadband. Staff will continue to monitor developments in this area and report any changes as they occur.

Transportation (Estimated Recovery Act Funds - \$15.4 million): Construction activities are continuing on the Tier 1 Street Resurfacing project. As part of this project, the City will resurface approximately 15 miles of arterial streets, with completion expected by this summer.

On January 15th, Caltrans approved the allocation of an additional \$275,000 to San José for the construction of the Tier 2 Street Resurfacing project. The additional funds boost the total budget available for the Tier 2 project to \$6.1 million and will allow the City to repave approximately 10 miles of arterial streets as part of the Tier 2 project. Construction on the Tier 2 project is expected to get underway during the spring.

On January 28th, the U.S. Department of Transportation (DOT) announced the award of \$8 billion in Recovery Act funds to thirteen high speed rail corridors across the country. California received the second largest allocation at \$2.25 billion to support the 800-mile long high-speed rail line tying Sacramento and the Bay Area to Los Angeles and San Diego. Although City staff has been working closely with the Metropolitan Transportation Commission (MTC) to advocate in support of the San Francisco-San José segment, it is unknown at this time how much of the \$2.25 billion allocation will be earmarked for this segment.

The City has also been working closely with the MTC to advocate in support of funding under the Transportation Investment Generating Economic Recovery (TIGER) program for the proposed BART extension to the Silicon Valley. The final MTC application submitted to DOT in September included a proposed \$50 million for the expansion of the BART service yard in Hayward, which supports the future extension of the BART line to Silicon Valley. An announcement of grant awards is expected this spring.

Water (Estimated Recovery Act Funds - \$6.5 million): Staff is continuing to work with the Bureau of Reclamation to finalize a cooperative agreement for the \$6.46 million grant award for the South Bay Water Recycling Phase 1C Improvements and expect to bring forward a final agreement to Council in March for consideration and appropriation actions.

REPORTING

As the Council is aware, the Recovery Act has set forth unprecedented transparency and reporting requirements. We are pleased to inform the Council that the City successfully met the second reporting deadline mandated by the Recovery Act. Recipients of Recovery Act funds are required to report quarterly on the use of Recovery Act funds, and provide detailed information, such as: total amount of funds received, the amount spent on projects and activities, completion status, estimates of jobs created and details on sub-awards and other payments. The most recent reporting deadline was January 15th and the City submitted reports through the Federal web-based reporting system, FederalReporting.gov, for programs in which San José received Recovery Act funds directly from the federal government. For programs where San José is a "Sub-Recipient" of Recovery Act funds, mandated reporting information was submitted to appropriate State and County agencies for reporting to the federal government. The City was able to utilize a new Recovery Act tracking and reporting tool, Microsoft Stimulus 360 to assist in meeting the most recent Recovery Act reporting deadline.

Exhibit 1 on the following page reflects activity reported through FederalReporting.gov for active Recovery Act projects in which the City receives funds directly from the federal funding agencies.

Exhibit 1: Recovery Act Program Activity Reported to FederalReporting.gov as of December 31, 2009

Program	Award	Reported Expenditures	Reimbursements /Advances	Number of Jobs Created/ Retained ¹
Airport Terminal B Checked Baggage Screening Project ²	\$20,916,360	\$ 7,909,020	\$0	26.00
Airport Taxiway "W" Extension ³	\$5,178,291	\$ 3,667,649	\$2,266,987	25.00
Community Development Block Grant	\$2,700,463	\$4,465	\$0	0.00
Energy Efficiency and Conservation Block Grants (EECBG)	\$8,840,600	\$5,365	\$0	.22
Homeless Prevention and Rapid Re-Housing Program (HPRP)	\$4,128,763	\$6,590	\$0	3.98
Internet Crimes Against Children (ICAC)	\$863,930	\$46,679	\$14,662	.95
Total	\$42,628,407	\$11,639,768	\$2,281,649	56.15

Exhibit 2 below reflects activity reported for active Recovery Act projects in which funds are passed through the State of California or Santa Clara County. For these programs, the City does not report expenditures or project data directly to FederalReporting.gov. Instead, these programs comply with State or County reporting requirements.

Exhibit 2: Recovery Act Activity as of December 31, 2009 for Programs with Funding passed through State or County Agencies

Program	Award	Expenditures ⁴	Reimbursements /Advances	Number of Jobs Created/ Retained ⁵
Department of Transportation – Street Resurfacing	\$15,419,000	\$173,595	\$33,113	26.0
Work Investment Act (WIA) – Adult, Youth, and Dislocated Worker Programs ⁶	\$11,857,306	\$5,064,652	\$4,503,645	39.0
Justice Assistance Grant (JAG)	\$1,353,687	\$0	\$1,353,687	0
Total	\$28,629,993	\$5,238,247	\$5,890,445	65.0

¹ Per OMB's changes to the reporting of number of jobs created/retained by the Recovery Act, these figures reflect the number of jobs created/retained during the quarter and are not cumulative. Cumulative number of jobs created: 335.

² The City received its first reimbursement in the amount of \$4,566,757 for the Airport Baggage Screening Project in January 2010. This reimbursement will be reported in the next reporting period.

³ The City received a reimbursement in the amount of \$1,231,094 for the Taxiway W Extension project in late December. This reimbursement will be reported in the next reporting period.

⁴ Expenditures reported by the State may not align with the FMS because of timing issues related to reimbursements or reporting schedules.

⁵ Per OMB's changes to the reporting of number of jobs created/retained by the Recovery Act, these figures reflect the number of jobs created/retained during the quarter and are not cumulative. Cumulative number of jobs created: 335.

⁶ In January 2010, the City was informed by the State of California that an additional \$902,329 in Recovery Act funds will be allocated to supplement the Dislocated Worker Program. This will be reported in the next reporting period.

HONORABLE MAYOR AND CITY COUNCIL

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Additional information on the City's efforts related to the Recovery Act can be found by visiting the City's Recovery Act webpage at <http://www.sanjoseca.gov/recoveryact>.

Please contact Ashwini Kantak at (408) 535-8147 if you have any questions.

A handwritten signature in black ink, appearing to read 'E. Shikada', with a stylized flourish at the end.

Edward K. Shikada
Chief Deputy City Manager

**ATTACHMENT A
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
CITY OF SAN JOSE
SUMMARY OF FUNDED PROJECTS
FEBRUARY 2010**

Project Name	Project Description	Recovery Act Funding (est.)	Anticipated Start of Activity
Aviation Program			
Taxiway W Extension Phase I	Airport taxiway improvements.	\$5,178,291	Summer 2009
Terminal B Baggage Screening Equipment	Installation of state-of-the-art baggage explosive detection systems for the Airport's new Terminal B.	\$20,916,360	Fall 2009
Program Total		\$26,094,651	
Economic and Workforce Development			
WIA-Adult Program	Job placement, counseling and training services for 1,500 to 2,000 adult and dislocated worker clients through 6/30/11.	\$2,026,103	Summer 2009
WIA-Dislocated Worker Program	See Above.	\$5,350,729	Summer 2009
WIA-Youth Program	Funding for a Summer Jobs for Youth Program that served an estimated 1,000-1,200 youth (between the ages of 15-24) this past summer.	\$4,744,413	Summer 2009
WIA-Rapid Response Program	Assist workers to quickly return to productive positions in the labor force by providing counseling workshops on financial assistance and career counseling services. Assist employers to explore alternatives for layoffs, .	\$638,390	Summer 2009
Program Total		\$12,759,635	
Energy Program			
Programmable LED Streetlights	Replacement of approximately 1,500 Low Pressure Sodium streetlights with programmable LED lights equipped with advanced controls and communications to maximize energy efficiency and savings.	\$2,000,625	Fall 2009
Energy Efficiency Improvements on City Facilities	Installation of cost-effective energy efficiency measures (HVAC, lighting, variable frequency drives and retro-commissioning) at city facilities which have high energy costs and have been identified as good candidates for priority retrofits.	\$4,521,945	Fall 2009
Municipal Solar Programs	Installation of solar hot water systems at fire stations, conduct solar and energy efficiency audits and fund technical assistance related to the City's Solar Program in project identification, design/build processes, project engineering financing options, proposal and contract development services for the installation of solar electric, solar hot water and energy efficiency projects.	\$2,318,031	Fall 2009
Solar Market Transformation	Funds will be used to support solar projects that will make it easier and more cost effective for residents to install solar on their homes, train disadvantaged youth for jobs in the growing solar industry and help residents learn about solar options.	\$1,101,636	Spring 2010
Program Total		\$9,942,237	
Housing Program			
Clean Tech Careers Fund/Green Business Equipment Program	Provide a funding mechanism for capital equipment costs to 3 green technology companies expanding or relocating to San Jose. Funding will open opportunities to individuals most impacted by the recession due to job loss, provide investment capital necessary to increase economic and energy efficiency by creating or implementing new and emerging technology.	\$1,200,000	Fall 2009
Moffat-Liberty Storm Drain Improvement	Installation of new storm drain laterals, inlets, ADA curb cuts, driveways and ~1,300 linear feet of sidewalk, curb and gutter within a low-moderate income area of Alviso in far northern San Jose and address much-needed infrastructure needs in the area.	\$350,000	Fall 2009
North First Street-Grand Boulevard Storm Drain Improvement	Installation of new storm drain laterals, inlets, ADA curb cuts, driveways and ~2,750 linear feet of sidewalk, curb and gutter within a low-moderate income area of Alviso in far northern San Jose and address much-needed infrastructure needs in the area.	\$485,000	Fall 2009

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AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
CITY OF SAN JOSE
SUMMARY OF FUNDED PROJECTS
FEBRUARY 2010**

Project Name	Project Description	Recovery Act Funding (est.)	Anticipated Start of Activity
Housing Program (continued)			
Project HOPE	Funding for a 2-year public service project that will provide job training and employment services to 70 individuals, including 28 non-violent ex-offenders, 30 homeless persons and 12 youth recently emancipated from the foster care system.	\$400,000	Fall 2009
Streetlight Conversion	Conversion of approximately 300 low-pressure sodium streetlights to adaptive LED streetlights.	\$215,463	Fall 2009
CDBG-R Program Administration	Funding to cover program administration costs.	\$50,000	Fall 2009
Homeless Prevention Financial Assistance & Housing Relocation Svcs.	Funding for agencies that currently have programs which provide financial assistance and case management services to San Jose homeless and at-risk residents, especially those affected by the economic crisis.	\$2,064,381	Fall 2009
Rapid Re-Housing Financial Assistance & Housing Relocation Svcs.	See Above.	\$2,064,382	Fall 2009
Neighborhood Stabilization Program 2	Funding to help reduce the number of foreclosed and abandoned homes, residential properties and to stabilize surrounding neighborhoods.	\$25,000,000	Spring 2010
Program Total		\$31,829,226	
Public Safety Program			
SJPD Automated Field Reporting/Records Management System - Phase I	Partial funding for the Police Department's Automated Field Reporting/Records Management System.	\$1,353,687	Spring 2010
Silicon Valley Regional ICAC Task Force	Funding to enhance and expand the San Jose/Silicon Valley Internet ICAC Task Force to address technology-facilitated child exploitation and prevent, interdict and investigate ICAC offenses.	\$863,930	Fall 2009
California Emergency Management Agency Anti-Human Trafficking Task Force	Funding to further enhance the Anti-Human Trafficking Task Force in San Jose.	\$375,000	Spring 2010
Program Total		\$2,592,617	
Transportation Program			
Tier I Street Resurfacing and Rehabilitation	Resurfacing of approximately 15 miles of City arterials streets to extend their useful life, improve their structure and ride quality and defer more costly reconstruction.	\$9,302,533	Fall 2009
Tier II Street Resurfacing and Rehabilitation	Resurfacing of approximately 10 miles of City arterials streets to extend their useful life, improve their structure and ride quality and defer more costly reconstruction.	\$6,116,534	Spring 2010
Program Total		\$15,419,067	
Water Program			
SBWR Phase 1C Facility Improvements	Partial funding for the construction of up to 15 miles of recycled water pipeline and related facility improvements as part of the South Bay Water Recycling Program. This project would increase by 2,400 acre-feet per year (AFY) the amount of recycled water distributed by the SBWRP and further reduce the reliance on scarce potable water.	\$6,460,000	Fall 2009
Program Total		\$6,460,000	
GRAND TOTAL		\$105,097,433	