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**The Use of Economic Stimulus Funds for Transportation**  
Senate Transportation & Housing Committee Informational Hearing  
Wednesday, January 20, 2010  
State Capitol, Room 112 @ 1:30 p.m.

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**Questions from the Senate Transportation & Housing Committee**

1. The county role in delivering American Recovery and Reinvestment Act (ARRA) projects is to propose projects to their regional agency and deliver selected projects. The steps and timeline involved for delivery of federal economic stimulus projects are as follows:
  - County Process:
    - The local-county process, including getting Board approval, advertising, and awarding, takes between 30-60 days once all regional, state, and federal steps are met.
  - Regional/State/FHWA Process:
    - Getting regional, state, and federal approval and certifications for projects takes approximately 120 days including the following steps:
      - 30 days to amend the FTIP;
      - 30 days for environmental clearance;
      - 30 days to complete the design, get utility clearance, complete right-of-way certification, 1511 certification, and finally submit E-76; and
      - 30 days for Caltrans/FHWA approval of E-76.
2. The process agencies used for allocating funds is only pertinent to regional agencies as counties did not receive funds directly from ARRA and thus had no role in allocating funds.
3. The status of obligating and awarding ARRA projects is as follows:
  - The regional-local share of ARRA is \$1.012 billion;
  - According to Caltrans the entire regional-local share of ARRA (including TE funds) will be obligated by February 1, 2010;
  - According to Caltrans approximately \$577 million or 57% of local funds have already been awarded to projects under contract;
  - Another \$224 million for a total of \$801 million or 80% of local funds will be awarded to projects under contract by June 30, 2010; and
  - The remaining \$211 million of local funds will be awarded after June 30, 2010 with the last project estimated to be awarded on March 20, 2011.
4. The types of projects that have been funded include everything from state highway expansion to local rehabilitation and safety projects. We are not aware of a different factor for job generation based on the type of project. We concur with the conservative number of 18,000 jobs are created for every \$1 billion in investment.

**It is important to understand that while cities and counties, through legislative intent, were expecting approximately \$642 million in ARRA funds, well over twice that amount or \$1.42 billion in local HUTA, local Prop 42 and local Prop 1B monies were withheld over this same time period (see attached chart). This more than negated the economic benefits of ARRA funds at the local level, which in turn certainly affects California's economic recovery.**

5. Counties have come up against a number of roadblocks when implementing ARRA, including changing rules midstream (i.e. type of projects eligible, no force account work, DBE requirements, etc.). This was an entirely new program with new rules and processes that had to be established, thus we did experience significant delays with getting through all levels of government review and action required to deliver a given project (i.e. regional agency approval, Caltrans district offices, Caltrans headquarters, and FHWA). In as much as this process is expedited, counties and cities will be able to award projects quicker.

Also, ideally counties and cities need to know approximately how much in potential federal stimulus funds will make it to the local level in order to accurately assess how much time is necessary to award projects.

In addition, this program operates on a reimbursement basis, thus it is critical that local agencies have certainty in their revenue streams in order to “front” monies for projects prior to reimbursement. Counties and cities will be hindered in their ability to award projects should the FY 2009-10 HUTA and Prop 42 deferrals slated for payment in late April and May be extended.

6. In addition to supporting MTC’s proposals for streamlining, CSAC provides the following suggestions for streamlining and process improvements for faster delivery of future federal economic stimulus funds:
  - Counties and cities need advanced notice of how much in future federal stimulus funding will be available to them in order to start the local process and award projects in the most efficient timeline possible;
  - State implementation and allocation of funds must happen immediately after the passage of a second federal stimulus bill;
  - Program requirement modifications or expansions in the midst of programming will likely result in delays;
  - Counties and cities, regional agencies, Caltrans, and FHWA must work in true partnership and strive to expedite project and certification approval so as not to delay the award of contracts; and
  - Counties and cities will also be hindered in their ability to award projects should the FY 2009-10 HUTA and Prop 42 deferrals be extended in the Special Session and/or the FY 2010-11 state budget defers or takes these revenue streams from local governments.
7. Counties have a significant need on the local system and considerable capacity to award projects should a second federal stimulus occur. **A recent CSAC survey indicates that counties can award \$495 million of public works projects in 120 days.**