

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: March 2, 2009

Reviewed by: BP

SUBJECT: Federal Economic Stimulus Package, California State Budget, and State and local election opportunities for ballot measures

REPORT BY: Beth Pollard, City Administrator

STAFF RECOMMENDATION

Receive updates on the passage of the Federal Stimulus Package and California State Budget, and State and local election opportunities for ballot measures on May 19 and June 2, 2009, for information, discussion and direction on City efforts to obtain funding.

FEDERAL STIMULUS PACKAGE – THE AMERICAN RECOVERY & REINVESTMENT ACT (ARRA) OF 2009

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009. The \$828 billion economic stimulus plan includes funding for a variety of capital improvements and investments in program operations; some of this funding will be available to cities. Most of the allocations relevant to cities appear to be available on a competitive rather than formula basis.

The League of California Cities has provided cities some initial guidance by preparing the attached ARRA City Funding Book, which contains an overall ARRA summary and description of funding programs particularly relevant to some or all cities. The programs of particular note for the City of Albany to explore include (in order of appearance):

- Community Development Block Grant
- Homelessness Prevention
- Highway Infrastructure
- Competitive Surface Transportation Program
- COPS – Community Oriented Policing Services
- Byrne Memorial Justice Assistance Grants (Byrne JAG)
- Assistance to Firefighters Grants
- Wildland Fire Management (pending eligibility)
- Emergency Food & Shelter
- Clean Water and Drinking Water Grants & Loans
- Brownfields

- Energy Efficiency and Conservation Block Grants
- Broadband Technology Opportunities Program

The Highway Infrastructure program is already underway. The City has been notified that by formula it will receive \$239,000 for a “shovel-ready” surface transportation project. As reported by the Public Works Manager at the last meeting, the City’s paving plans for Solano Avenue between San Pablo Avenue and Jackson Street, and Madison Street from Solano Avenue to Washington Avenue are in the best position for these funds. The City of Albany met this week with Caltrans, which is administering California’s share of the funds, for its initial review of this project. The City is working to get this project out to bid as soon as feasible to be in the best bidding climate as possible.

Staff will continue to pursue funding information and opportunities contained in the stimulus package.

STATE BUDGET

On February 20, 2009, Governor Schwarzenegger signed a budget package to resolve a \$46 billion deficit. The package includes a combination of \$14.9 billion in spending reductions, \$12.5 billion in revenue increases and other measures called “economic stimulus” and “making government more efficient.” It is important to note that this plan relies on voter approval of taxes and reform measures on May 19, 2009.

The Governor’s office calls the budget resolution a “4-legged stool” with the following “legs” as described more fully in its attached information release:

- Leg #1: Spending reductions of \$14.9 billion, with the major areas of reductions in education, health and human services, and an adjustment in use of Propositions 10 and 63 funds.
- Leg #2: Temporary revenue increases of \$12.5 billion, comprised of a 1-cent sales tax increase, increases in the Vehicle License Fee and Personal Income Tax, and reduction in the Dependent Credit. An additional \$5 billion is projected from a “modernization “ of the State Lottery.
- Leg #3: “Economic stimulus” measures to streamline construction projects and attract business.
- Leg#4: Governmental reforms, efficiency measures, and other changes; this leg includes items that require voter approval including establishing a “rainy day fund”, an open primary for state offices, and limitations on pay raises for legislators and other constitutional officers in deficit years.

More information and analysis by the League of California Cities is expected.

UPCOMING STATE ELECTION AND LOCAL ELECTION OPPORTUNITIES

The Governor has called for a special Statewide election on May 19, 2009 to approve tax and reform measures contained in the budget resolution. If the measures are not approved, other State budget revisions will be needed.

The County Elections Office has notified local agencies that they can consolidate with the State election on May 19 or use the June 2 election opportunity to call for a local election. For either election date, agencies must submit the election resolution, direct arguments, City Attorney's impartial analysis, and full text of the measure to the County by Friday, March 6. The estimated cost for such an election is in the range of \$5.00 to \$7.00 per registered voter (i.e. approximately \$50,000 to \$70,000 in Albany). The City of Albany does not currently have any plans for placing any measures on either of these election dates; if any measures are desired, Council would need to call for a special meeting prior to March 6.

SUSTAINABILITY IMPACT

There are projects eligible for local funding that advance energy efficiency, alternative transportation, and water conservation.

FINANCIAL IMPACT

The City is eligible for \$239,000 from the ARRA Highway Infrastructure Program. Staff will pursue other grant opportunities. Determining City eligibility, applying for the grants, and complying with the project accounting and other procedure regulations will take staff time.

Attachments

1. League of California Cities ARRA of 2009 – City Funding Book
2. Governor's Office summary of Budget Deficit Resolution