

PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION

JULY 16, 2009 MEETING

SUMMARY REPORT

Attendance

Ron Naples, Chairman, convened the meeting of the Commission at 11:00 a.m. on Thursday, July 16, 2009, in Conference Room 1 of the Forum Place Building, Harrisburg. Commission members in attendance included Sec. Creedon, Gene Barr, Tony Ross, Donald Siegel, Rep. Ellis, Charlie Battaglia (representing Sen. Specter), Terry Kostoff (representing Sen. Casey), Kathy Eakin (representing Sen. Waugh), a representative on behalf of Rep. Mann, and Guy Ciarrocchi (recently appointed as a commission member by the Republican Congressional Delegation). At the conclusion of the meeting, the Chairman stated that the next meeting will occur on August 13, 2009, and consideration is being given to holding the meeting in the Scranton area.

Meeting Agenda

1. Welcoming remarks – Ron Naples
2. Implementation Report – Sec. Creedon
3. Presentations
 - Intercity Passenger Rail and TIGER Competitive Grants –Sec. Allen Biehler
 - Broadband Stimulus Update – Sec. Naomi Wyatt, Office of Administration
 - Federal Reporting Update – Christian Soura, Senior Advisor, Accountability Office
4. GAO Report and Update
5. Risk Assessment and Management –Sec. Creedon

Implementation Report

As of June 30, 2009, Pennsylvania has received slightly less than \$1.2 billion in ARRA funds and expended slightly more than \$1.2 billion. The difference represents funds for which invoices have been submitted to the federal government but for which reimbursement has not been received. Relative to personnel administrative costs, eight ARRA positions have been filled to date with an estimated annual cost for all employees of \$500,130.

Funds Received

Labor and Industry

Unemployment Compensation	\$231,899,590
Job Training/Youth Employment	1,464,276
Employment Security	894,400
Vocational Rehabilitation Services	218,880

Health

Healthy Homes	698
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<i>Department of Public Welfare</i>	
Child Support Enforcement	2,358,717
FMAP	957,093,891
<i>Transportation</i>	
Highway and Bridge Projects	4,563,467
Total Funds Received	<hr/> \$1,198,493,919
 <u>Funds Expended</u>	
<i>Labor and Industry</i>	
Unemployment Compensation	\$231,904,545
Job Training/Youth Employment	2,261,134
Employment Security	1,051,152
Vocational Rehabilitation Services	218,880
<i>Health</i>	
Healthy Homes	726
<i>Agriculture</i>	
Emergency Food Assistance	318,905
<i>Department of Public Welfare</i>	
Child Support Enforcement	5,938,548
FMAP	957,093,891
<i>Transportation</i>	
Highway and Bridge Projects	9,323,145
Total Funds Expended	<hr/> \$1,208,111,926

PENNDOT Project Update

As of July 9, 2009, 222 projects totaling \$776 million have been advertised, 183 project bids totaling \$451 million have been opened, 166 projects totaling \$388 million have been awarded, and 145 projects totaling \$331 million have been started. The bids continue to be lower than estimated, currently 13.6% or \$72.1 million less than original estimates. Anticipating overall savings, PENNDOT has begun discussions with MPO's and RPO's to identify additional potential projects, with additional projects realized as a result of savings being located in the area where the savings occurred. PENNDOT estimates that 719 jobs were created or retained as a result of the 40 active ARRA projects during the month of May. However, the figure only reflects employment on the job site itself. Offsite or multiplier effect employment is not included. Currently, no projects have requested or received "Buy American" waivers.

PENNVEST Project Update

Of the 34 projects initially approved for ARRA funding by PENNVEST, two projects have withdrawn and 17 of the remaining 32 (totaling \$62.03 million) have settled. Nine projects have already started with all but two of the remaining scheduled to start before Labor Day. It is anticipated that over the next 45 days, these projects will create or retain an estimated 436 jobs.

An additional \$113 million in project funding is to be awarded at the July 21 PENNVEST Board meeting. No projects have requested or received “Buy American” waivers.

Neighborhood Stabilization Program 2

This program provides a total of \$2 billion in ARRA funds available nationally by competitive grant. DCED solicited local government and non-profit applications to partner on a consortium application from the Commonwealth. While five applications were initially received, only four were eligible to be included in the consortium application for \$13.4 million which will be submitted to HUD on July 17, 2009. The York application did not meet the HUD criteria and was denied.

Justice Assistance Grants

A total of \$29.1 million in ARRA funds is available competitively from the Commonwealth for local governments and non-profits. The PCCD Grant Plan approved on June 9, 2009 allocates funds in program categories including: law enforcement, courts, corrections, juvenile justice delinquency and prevention, victims’ services, crime prevention, technology and training. The first program category, \$1.9 million for juvenile justice, is accepting applications until July 24, 2009.

Weatherization

The Final Request for Proposals and State Training Plan was submitted to the Department of Energy on July 1, 2009 and the approval is pending. A statewide conference for the 42 funded community action agencies was held on July 14, 2009 in Harrisburg to review the RFP, ask questions and to develop best practices.

State Energy Plan

The State Energy Plan was submitted and is pending DOE approval. A total of \$99.6 million is to be distributed to Pennsylvania in four allotments. Pending approval of the State Plan by DOE, \$10 million has already been allocated to five approved PEDA projects. Additional funding will awarded to Wind, CHP, Solar, Biogas, Geothermal and Green Building Initiatives. The issue of Fossil Fuel grants was raised and it was indicated that the Commonwealth is still waiting for information relative to these grants. When the information is received, it will be posted on the www.recovery.pa.us website.

Energy Efficiency and Conservation Block Grant

A total of \$78.5 million is available for direct allocations to cities with a population over 35,000, counties with a population over 200,000 or more, and the top ten highest populated cities and counties in the state. The deadline for applications is August 10, 2009.

PA Conservation Works!

A total of \$22.5 million is available by competitive grant to local governments with a population fewer than 35,000, counties with a population fewer than 200,000 and non profits. The project must create energy savings of at least 25% and applications will be accepted until August 14, 2009.

Competitive Grants

A significant amount of ARRA funding is available nationally through the competitive grant process and as the following chart shows the Commonwealth is active in seeking these funds.

<u>Agency</u>	<u>Program</u>	<u>Status</u>	<u>Award</u>
Health	Healthy Homes Demo	Awarded	\$875,000
Health	WIC – Elec. Balance Transfer	Applied 5/29	
Health	WIC – EBT Hardware/Software	Applied 6/26	
Health	Healthcare Associated Infections	Applied 6/25	
Health	Immunization Plan	Applied 7/2	
DMVA	Fire Station	Applied 7/10	
DOT	Intercity Passenger Rail	Pre-app. 7/10	
DOT	TIGER	Pre-app. 8/4	
DCNR	NOAA- Coastal Habitat Restoration	Not selected for funding	

Discretionary Transportation Programs

Allen Biehler, Secretary of Transportation, provided an update presentation on two discretionary transportation programs:

- \$8 billion High Speed/Intercity Passenger Rail Program, and
- \$1.5 billion National Surface Transportation System.

\$8 billion High Speed/Intercity Passenger Rail Program. This is a discretionary grant program for which the eligible applicants are states and Amtrak in cooperation with states. The funding is broken into four tracks. Track 1 includes construction projects, Track 2 includes corridor development projects, Track 3 includes planning activities, and Track 4 includes rail projects. Track 1 and 2 monies are 100% ARRA stimulus and are intended for shovel ready projects. Track 3 and 4 are not ARRA and require a 50% match. A total of \$90 million is available nationally for Track 3 and 4.

Projects eligible for the High Speed/Intercity Passenger Rail Program include construction, rolling stock and facilities. The applications will be evaluated on timeliness of project completion, economic recovery benefits, transportation benefits and sustainability. The selection priorities are based on region/location, innovation, and partnerships. PENNDOT reviewed 11 potential projects throughout the state and submitted five pre-applications. These include the following:

Keystone East Corridor Harrisburg to Philadelphia -- \$18 million for three rail crossings in Lancaster County.

Keystone East Corridor Harrisburg to Philadelphia -- \$300 million for track, signal, power upgrades, grade crossing removal and station improvements or replacements.

Delaware Water Gap to New York -- \$400 million for part of a proposed restoration of a 133-mile passenger rail corridor between Northeastern Pennsylvania and Hoboken, N.J., with connections to other parts.

Pittsburgh High Speed Maglev -- \$2.3 billion in funding to design and construct the first segment (Pittsburgh International Airport to Downtown Pittsburgh) of a Maglev line between the airport and Monroeville/Greensburg.

Keystone West Corridor Harrisburg to Pittsburgh -- \$1.5 million to conduct a feasibility study of enhanced intercity passenger rail service between Harrisburg and Pittsburgh.

\$1.5 billion National Surface Transportation System Program. This is a discretionary grant program which is open to a broad base of applicants including states, local governments, transit agencies, port authorities, metropolitan planning organizations, and others. Eligible projects include highway and bridge projects, public transportation projects, passenger and freight rail projects and port infrastructure investments. Each application will be evaluated on its regional/national significance and the selection will be based on the project's innovation, partnership, job creation and economic stimulus, and the long term outcomes of safety, sustainability, livability, and economic competitiveness. Applications must be submitted by September 15, 2009 and awards are to be issued no later than February 17, 2010. There is a borrowing component (TIFIA) available in this program and pre-applications for that aspect must be submitted by August 4, 2009. Secretary Biehler provided a listing of 25 potential discretionary stimulus candidate projects.

Broadband Stimulus Update

The Broadband stimulus funds are to be awarded entirely on a competitive basis in three funding rounds. The entities eligible for funding include states, local governments, non-profits, educational groups and providers. Applications for Round 1 funding were released on July 1, 2009 and the applications are due by August 14, 2009. Broadband Improvement Program (BIP) and Broadband Technology Opportunities Program (BTOP) awards are expected to be announced around November 7, 2009 and Mapping awards are expected to be announced September 15, 2009. The dates for Round 2 and Round 3 are still undetermined but are anticipated to be December 2009 and Spring 2010.

Approximately \$4.2 billion in funding is available nationally for Round 1 and approximately \$3 billion will be available for Rounds 2 and 3. Round 1 funding is broken down as follows:

RUS (Rural Utility Service) – Broadband Improvement Program (BIP) \$2.4 billion

- Last Mile: \$1.2 billion – Remote: \$400 million and Non-Remote \$800 million
- Middle Mile: \$800 million
- National Reserve: \$325 million – a discretionary fund

NTIA (National Telecommunications and Information Administration) – Broadband Technology Opportunities Program (BTOP) \$1.6 billion

- Infrastructure: \$1.2 billion
- Public Computer Centers: \$50 million
- Sustainable Broadband Adoption: \$150 million
- National Reserve: \$200 million – a discretionary fund

NTIA State Broadband Data and Development Grant Program \$200 million – this program is open to states or entities designated by states for mapping projects.

There is a 20% funding match requirement and 3% of the awarded funds can be used for administrative costs. All broadband infrastructure (both BIP and BTOP) applicants must commit to nondiscrimination and interconnection obligations; e.g., cannot throttle or impede another provider's or user's traffic over ARRA funded network or the funded infrastructure cannot be an entirely private, closed network.

The BIP program will provide grants for remote, un-served rural areas and loans and grant/loan combinations for non-remote and underserved areas. An un-served area is one or more contiguous census blocks where at least 90% of households lack access to facilities-based terrestrial broadband. An underserved area is one where the proposed funded service area is composed of one or more contiguous census blocks and meets at least one of the following: no more than 50% of households have access to facilities based, terrestrial broadband service at minimum broadband speed; no fixed or mobile broadband service provider advertises broadband speeds of at least 3 MBPS downstream; or the rate of broadband subscribership is 40% of households or less. A rural area is defined as any area not within a city or town with a population greater than 20,000 or within an urbanized area contiguous and adjacent to a city or town with a population greater than 50,000.

The BTOP program funding is provided based upon the following:

- Last Mile – for projects in un-served or underserved areas and whose predominant purpose is to provide broadband service to end users or end user devices.
- Middle Mile – for projects in un-served or underserved areas and which have a predominant purpose other than providing broadband service to end users or end-user devices and may include interoffice transport, backhaul, internet connectivity, or special access.
- Public Computer Center – funds projects that expand public access and enhance broadband capacity at entities such as libraries and community colleges, or create and expand a public computer center meeting a specific public need.
- Sustainable Broadband Adoption – funds innovative projects that promote broadband demand, such as broadband education, awareness, training, access, equipment or support, particularly among vulnerable populations.

The Commonwealth will apply for ARRA funding through BIP and BTOP. The applications are expected to include components involving: Infrastructure, Public Computer Center, Sustainable Adoption and BTOP Mapping and Data Collection.

OMB Federal Reporting Update

Christian Soura, a Senior Advisor in the State Accountability Office provided an update on the steps being undertaken by the Commonwealth to comply with the reporting requirements of Section 1512 of the American Recovery and Reinvestment Act. Each recipient of ARRA funds must file quarterly cumulative reports. These reports, the first of which is due October 10, 2009, are due 10 days after the close of each quarter. The reports are filed electronically and key contents include the amount of funds received, a description of the project or activity, an evaluation of completion status, an estimate of employment impact, information on grantees/sub-recipients, and additional detail for infrastructure work. The Commonwealth has no need to acquire new systems in order to comply with Section 1512. The SAP Enterprise Resource Planning System is being used for financial data and a new database is being developed to store “non-SAP” data. Agencies are applying a common model to coding stimulus revenues and expenditures and those funds may not be mingled with others.

GAO Report and Update

Copies of the report were disseminated in advance of the meeting. Due to a lack of time, there was no in-depth discussion of the report.

Risk Assessment and Management Analysis

Materials were disseminated in advance of the meeting. Due to a lack of time, the Chairman indicated that a verbal update would occur at a subsequent meeting.