

# **PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION**

**MARCH 11, 2010**

## ***Summary Report***

Ron Naples, Chairman, convened the meeting of the Commission at 11:00 a.m. on Thursday, March 11, 2010, in Conference Room 1 of the Forum Place Building, Harrisburg. Members in attendance include Gene Barr, Charlie Battaglia, (representing Sen. Specter), Guy Ciarrocchi, Secretary Jim Creedon, Rep. Brian Ellis, Terry Kostoff (representing Sen. Casey) via teleconferencing, Tony Ross, Don Siegel and individuals representing Cong. Kanjorski, Rep. Mann, Sen. Mellow, and Sen. Waugh.

## ***Meeting Agenda***

- 1) Welcome / Report – Ron Naples, Chairman, Pennsylvania Stimulus Oversight Commission
- 2) Guest Presentations:
  - Michael Hawbaker, Executive Vice President, Glenn O. Hawbaker, Inc.
  - Malthew Solt, CEO Metro-Tek Electrical Services  
Reiner Jaeckle, VP Operations, Metro-Tek Electrical Services Buckman’s Inc.
- 3) Implementation Report – Jim Creedon, Secretary, Pennsylvania Department of General Services
- 4) Agency Presentations:
  - State Energy Plan – Solar II – John Hanger, Secretary, Pennsylvania Department of Environmental Protection
  - Weatherization Program – George Cornelius, Secretary, Pennsylvania Department of Community and Economic Development
  - Performance Reports – Eileen McNulty, Deputy Accountability Officer
  - Small and Disadvantaged Businesses – Jim Creedon

## ***Welcome / Report***

Chairman Naples began the meeting by mentioning that it was the approximate one year anniversary of the stimulus program and the eleventh meeting of the Commission. With that in mind, he indicated he thought it appropriate to provide a brief overview report of the Recovery Act (ARRA) in Pennsylvania.

The ARRA had five basic purposes: 1) create jobs and promote economic recovery; 2) assist people; 3) invest in economic efficiency and technological advances in science and health; 4) invest in infrastructure; and 5) stabilize state and local government budgets. All of these purposes have been achieved to some degree in Pennsylvania. Of the approximate \$787 billion that has been allocated by the federal government for ARRA, as of this date approximately \$26.8 billion has been directed to Pennsylvania. Of that amount, approximately \$11 billion has been directed to individuals, \$13.5 billion directed through the Commonwealth,

and \$2.2 billion directly to other entities. As of February 10, 2010, \$5.557 billion of the Commonwealth directed funds have been expended.

The ARRA impact has been considerable. In terms of jobs, based upon the federal 1512 reports filed by Pennsylvania for the quarter ending December 31, 2009, 12,238 jobs have been created/retained. When education jobs are excluded, 6,036 jobs have been created/retained and 1,487 of that amount are in the transportation field. Overall, Pennsylvania ranks 16<sup>th</sup> nationally, 7<sup>th</sup> nationally when education jobs are excluded, and 6<sup>th</sup> nationally when only transportation-related jobs are considered. In terms of services, (through February 2010) about 1 million Pennsylvanians have received approximately \$2.3 billion in additional unemployment compensation, 2.1 million children and adults have received more than \$2.1 billion in additional Medicaid funding, more than 1.5 million families have received additional food stamp benefits totaling \$219 million, and tax provisions and credits have provided Pennsylvania families with \$1.8 billion in savings.

### ***Guest Presentations***

Michael Hawbaker – Executive Vice President of Glenn O. Hawbaker, Inc., stated that his company is a heavy construction company working on highway and bridge projects. It is located in State College, PA and has approximately 1,200 employees. To date, the company has secured \$50 million in ARRA-related contracts with \$19 million completed in 2009 and the remaining \$31 million scheduled for 2010. He believes the stimulus program has been an outstanding success both in the short and long term. In the short term, the stimulus program has provided the opportunity for his firm to weather the economic downturn and believes that without it at least 160 employees would have had to be furloughed. In the long term, he sees the infrastructure development and upgrades provided by the stimulus monies as being significant assets to Pennsylvania and the nation.

Mathew Solt/Reiner Jaeckle – Metro-Tek Electrical Services and Metro-Tek Electrical Services Buckman's Inc. These gentlemen were not in attendance and were thus not able to make a presentation. Their material is available however for review.

### ***Implementation Report***

Secretary Creedon, Chief Implementation Officer of the Commission, provided the Implementation Report. As of February 28, 2010, the total investment of ARRA funds by the Commonwealth was \$7.831 billion, of which \$5.557 billion has been spent and \$2.274 billion is in progress. The amount only reflects those ARRA funds that are disbursed through the Commonwealth.

### **Transportation and Infrastructure**

*Highways and Bridges* – As of March 11, 2010, \$1.026 billion, or 100 percent of the funds estimated to be received for highway and bridge expenditures, have been obligated. Three rounds of project bids have been completed with 326 of 326 projects opening bids; 316 projects have Notice to Proceed; 230 projects have started work; and 92 projects are complete.

PENNDOT reported to the FHWA that 1,609 jobs were created or sustained for the month of January 2010.

### Clean Water and Wastewater

As mandated, PENNVEST had all ARRA funds obligated by February 17, 2010. As such, 113 of 113 projects have settled, totaling \$214.6 million in ARRA investment; 110 projects have started and of those, three are completed. The estimated jobs as reported by the grantees on projects settled and started are 5,550.

### Environment

*Leaking Underground Storage Tanks* – Funds for this program are used by DEP to assess and remediate federally regulated sites where the owner or operator is unknown, unwilling, or unable to respond, or which require emergency action. The Commonwealth has received a grant totaling \$6.12 million of which \$786,000 has been expended. Currently, 43 of 71 total sites have assessment and/or remediation actions underway.

### Workforce

The Office of Vocational Rehabilitation in the Department of Labor and Industry has \$2 million in funding available for service providers interested in developing and conducting Adaptive Driving Evaluation and Training Services for Pennsylvanians with disabilities. Applications are due by March 26, 2010.

### Broadband

The Commonwealth's Office of Administration has been awarded \$28.8 million to complete a \$36 million "middle mile" project to expand broadband infrastructure in northern Pennsylvania. The project will build upon the physical infrastructure of the state's public safety microwave network and allow the Commonwealth to add excess network capacity to the network. Local telecommunications companies and internet service providers will be able to purchase the excess capacity at a competitive price point to serve citizens, schools and businesses in the area. The 32 county region (an east-west corridor between I-80 and the Pennsylvania – New York State border) covered by the project is currently unserved or underserved by commercial broadband providers.

### Health

*Health IT* -- The Governor's Office of Health Care Reform (GOHCR) has been awarded \$17 million in ARRA funding to help develop a health information "superhighway" to connect health care practitioners, patients, facilities and pharmacies through a secure network, thus giving them the ability to have a complete record of a patient's medical history.

*Communities Putting Prevention to Work* – This funding stream is divided into two components. Component 1 consists of \$1.54 million in funding to assess the nutritional value of

foods offered in school cafeterias and vending machines; to increase physical activity among all age groups; and to encourage the passage of tobacco use ban ordinances at parks and playgrounds. Component 2 consists of \$1.54 million to expand outreach and evaluation of the tobacco cessation Quitline to improve services and effectiveness.

Competitive Grants

*Competitive Applications Made*

<u>Agency</u>	<u>Program</u>	<u>Submitted</u>
DCNR	The National Map	Applied 12/01/09
DMVA	Fire Station Construction	Applied 07/10/09
Education	State-Wide Data Systems	Applied 12/04/09
Education	Race to the Top (Phase 1)	Applied 01/19/10
L&I	Workforce Training for Power	Applied 11/30/09

*Positive Competitive Application Results*

<u>Agency</u>	<u>Program</u>	<u>Award</u>
DPW/PDE	Early Head Start Expansion	\$1,186,084
Health	Healthy Homes Demo	875,000
Health	Healthcare Associated Infections	1,020,480
Health	Immunization and Vaccines	1,803,140
Health	Primary Care Offices	42,555
Health	WIC – Elec. Balance Transfer	462,264
Health	State Loan Repayment Program	156,000
Health	WIC – IT Hardware/software	792,315
Health	Ambulatory Care – HAI	336,479
L&I	Market Info. Improvement	1,250,000
L&I	SESP Training Grant	6,000,000

*Agency Presentations*

**State Energy Plan – Solar – John Hanger**

Secretary Hanger provided a recap and update on the State Energy Plan as it relates to ARRA. The Pennsylvania DEP has four major ARRA program goals: 1) create jobs and enduring opportunities for employment; 2) increase the amount of renewable and alternative energy generated in Pennsylvania; 3) save energy dollars through conservation and efficiency; and 4) maximize matching private sector investments to spread the impact of ARRA funding. A total of \$136.5 million in ARRA funding is going directly to DEP: \$99.6 million for the state energy plan; \$23.5 million for EECBG; \$11.9 million for home heating equipment rebates; and

\$1.3 million for energy assurance planning. An additional \$253 million is also allocated to the Weatherization Program under the Department of Community and Economic Development.

The programs created by the Department to implement and utilize the ARRA funding are:

- PA Conservation Works!
- Home Heating Equipment Rebates
- Energy Assurance Planning
- PA Green Energy Works!
  - Sustainable Business Recovery
  - Combined Heat and Power
  - Clean Biogas
  - Solar Project Funds
  - PA Wind Initiative
  - Green Development Loans
  - Geothermal Buildings

By April 2010, DEP will have obligated \$114.46 million, or 84 percent of the \$136.5 million of ARRA energy funds available for grant funding. To date, the total invested from ARRA energy programs is \$102.5 million and a total of \$225.7 million has been leveraged from grantees.

*PA Conservation Works!* – \$23.575 million of ARRA funding was received and \$22.144 million has been awarded through 100 grants to 32 non-profit entities and 68 local governments and municipal authorities in 48 of Pennsylvania's 67 counties.. An additional \$1.43 million is being utilized for administration.

*Heating Equipment Rebates* -- \$11.9 million is available for rebates for non-electric hot water heaters, furnaces and boilers. The rebates will range from \$250 to \$500 and will not be retroactive. Vendor selection will be announced in mid-March and the program will open in April, 2010.

*Energy Assurance Planning* – The \$1.3 million grant will upgrade readiness for energy emergencies and allow for the revision of energy emergency plans, the training of staff at PEMA, PUC and DEP, and the sponsoring of state-level and regional exercises under DHS.

*Green Energy Works!* – ARRA funds total \$99.7 million, of which \$79.7 million has been awarded, \$2.56 million will be used for administration, and the final \$17.4 million will be awarded through the Geothermal Loan and Solar II programs which are under development.

- The Sustainable Business Recovery program has awarded \$18 million in funding for 25 projects and leveraged over \$90 million in investments by grantees.
- The Combined Heat and Power program has awarded \$12 million in funding for 9 projects and attracted \$15.7 million in additional investments.
- The Clean Biogas program has awarded \$5 million in funding for 8 projects and generated an additional \$22 million in investments.

- The Solar I program has awarded \$9.5 million for 8 projects and attracted nearly \$47 million in private investments.
- The PA Wind Initiative has award \$22.3 million in funding for 3 projects. The total for private investment was not available but Sec. Hanger indicated it was substantial.
- The Green Development Loans program received \$12 million in ARRA funding which was matched with \$36 million from The Reinvestment Fund (TRF) to create a \$48 million revolving loan fund. The program will open in mid-April and support high efficiency buildings and businesses.
- The Geothermal Buildings program will use approximately \$10 million in ARRA funding to provide loans and rebates to residential customers for ground source heating and air conditioning systems and may include loans and rebates to installers for equipment and training.

### **Weatherization Program – George E. Cornelius**

The Commonwealth received \$252.8 million from the U.S. Department of Energy for Pennsylvania's ARRA weatherization assistance program. DOE approved the state's plan on August 10, 2009 and the Commonwealth is using 43 subgrantee agencies: the existing WAP network of 42 agencies, plus the Pennsylvania Housing Finance Agency, to coordinate the program. Income eligibility for individual participation is 200 percent of the federal poverty level (\$44,100 for family of four). To date, 2,525 homes have been weatherized and another 4,000 plus homes are in progress. It is anticipated that a minimum of 29,700 homes will be weatherized by the close of the program in March 2012.

A total of \$203.3 million will be distributed to the 42 agencies using a weighted formula, \$22.3 million will be provided to PHFA for multi-family dwelling weatherization, up to \$20 million will be used for training and technical assistance, and up to \$7.2 million will be used for DCED program management. The average allowable expenditure per home is set at \$6,500 and the Davis-Bacon prevailing wage will apply for weatherization workers. Penn College in Williamsport is the main weatherization worker training center but six new training sites have also been opened and they are: Thaddeus Stevens College of Technology - Lancaster, Johnson College - Scranton, Community College of Allegheny County, Greater Johnstown Career and Technology Center, Energy Coordinating Agency - Philadelphia, and Lehigh Career Technical Institute.

In order to ensure accountability, 100 percent of the work will be inspected by the sub-grantees and DCED will inspect five percent of all units focusing on the installation work and its consistency with the energy audit and five percent of all units focusing on the energy audit and work prioritization.

### **Performance Reports – Eileen McNulty**

The premise of this presentation was to provide the purpose of and the outline of the information contained on the Commission's website. The basic purpose is to provide a simple way for the public to understand what they are getting for the expenditure of ARRA funds. To

provide transparency and accountability – relate measures to specific requirements of ARRA – and separate impact of ARRA funding from regular program funding when possible.

Currently posted on the website are 41 reports representing \$12.6 billion of funds awarded/anticipated and \$4.1 billion of actual expenditures. The report data categories include: anticipated funding, amount spent, program description, state goal, ARRA objective, and six categories of measures including job creation, budget stabilization, economic growth, program outputs, longer term public benefits and energy savings/environmental improvement.

The state recovery website can be accessed at [www.recoverypa.gov](http://www.recoverypa.gov) and the 41 reports can be viewed by clicking on: Accountability & Transparency and then selecting: Performance & Outcome Measures.

### **Small and Disadvantaged Businesses – Jim Creedon**

Governor Rendell signed Executive Order 2009-02, Creating Opportunities for Small and Disadvantaged Businesses in the Expenditure of Federal Stimulus Monies. This document outlines the Commonwealth's policy to ensure maximum practicable opportunities for these types of businesses to compete for contracts and grants, and to participate as contractors, service providers, subcontractors and suppliers.

The various agencies of the Commonwealth have been proactive in collaborating with the federal administering agencies and DGS staff to develop education materials and outreach programs to provide information to applicable businesses on the opportunities. Part of the difficulty has been determining the funding streams where opportunities for participation exist and the amount of available dollars. It was determined that first quarter dollars available for participation was \$1.455 million. The stated goal of the Governor's executive order on small and disadvantaged business participation was 10 percent. Secretary Creedon indicated the participation for the first quarter was approximately five percent but anticipated an increasing participation rate as contracts moved forward into the second and subsequent quarters. The next steps in encouraging participation will include: continued efforts to identify and promote opportunities to small and disadvantaged businesses; outreach workshops to veteran business enterprises in Pittsburgh, Harrisburg and Philadelphia as well as the development of an ARRA certification process for VBE's; and continued dialogue with the PA state agencies, DGS staff, and the Department of Commerce's Minority Business Development Agency on challenges and best practices.