



CITY COUNCIL AGENDA REPORT

MEETING DATE: MARCH 3, 2009

ITEM NUMBER:

SUBJECT: LETTER OF SUPPORT FOR APPROPRIATION OF ECONOMIC STIMULUS PROGRAM

DATE: FEBRUARY 19, 2009

FROM: PUBLIC SERVICES DEPARTMENT

PRESENTATION BY: PETER NAGHAVI, DIRECTOR, DEPARTMENT OF PUBLIC SERVICES

**FOR FURTHER INFORMATION CONTACT: MELANIE EUSTICE, MANAGEMENT ANALYST
(714) 754-5024**

RECOMMENDATION:

1. Receive updated information regarding the administration and appropriation of Economic Federal Stimulus Funds.

BACKGROUND:

On February 17, 2009, the \$787 billion stimulus plan was signed into law by President Barack Obama. The bill appropriated \$48 billion for transportation projects, which includes approximately \$27.5 billion for highway and bridge construction and repair.

The City Council, at their meeting on February 17, 2009, directed staff to prepare a letter of support for the preferred method for the administration of the Economic Federal Stimulus Funds.

ANALYSIS:

On January 7, 2009, staff attended a legislative meeting held by the Orange County Transportation Authority (OCTA) and received the Draft Guiding Principles for the Implementation of an Economic Stimulus Package. Through the effort of their lobbyist, OCTA participated in both Federal and State Ad Hoc discussions to secure legislation that would guarantee the distribution and administering authority of funds to regional bodies, such as OCTA.

On January 20, 2009, OCTA issued a request for letters of support for their legislative efforts in relation to pursuing economic stimulus funds and presented the Economic Recovery Actions and Guiding Principles for Implementation to the OCTA Board of Directors on January 26, 2009.

After the last Council meeting, staff on February 25, 2009, attended the OCTA Technical Advisory Committee Meeting and received an update that the administration role for the Economic Stimulus Funds has already been determined. Reportedly, the

funds will be distributed to the State of California, which will assign the administration of the "Highway and Infrastructure" element of the Stimulus Program to the California Department of Transportation (Caltrans). While the allocation of funds has not been clearly defined, it is expected that a portion of the funds will be allocated to the State Transportation Improvement Program (STIP).

The OCTA Board has voted to use about \$60 million in STIP funds toward the needed improvements on SR-91. Other portions of the funds allocated to Orange County may eventually fund some local roadway rehab projects through Caltrans criteria. However, the details of the award process and amounts are still being worked out by a number of Federal and State agencies.

Since the method of administration for the Economic Stimulus Funds has already been determined to go through state agencies, staff no longer recommends the submittal of a letter of support for the administration of the program through OCTA.

ALTERNATIVES CONSIDERED:

The City Council could choose to take legislative action regarding the economic stimulus effort.

FISCAL REVIEW:

As of the date of this report, the American Recovery and Reinvestment Bill of 2009 would allocate approximately \$27.5 billion to the highway program, which would bring \$2.8 billion to California. OCTA estimates that the City of Costa Mesa will receive an estimated \$1.4 million.

LEGAL REVIEW:

No legal review is required.

CONCLUSION:

The method of distribution for the Economic Stimulus Funds has already been determined as being administered by Caltrans. A portion of these funds will reportedly be "passed" from Caltrans to OCTA. OCTA has shared that they plan to award Cities with a portion of this funding based on population.

PETER NAGHAVI
Director, Department of Public Services

MELANIE EUSTICE
Management Analyst

DISTRIBUTION: City Manager
City Attorney
Finance Director
City Clerk
Staff

