



TO: Mayor & Council Members

FROM: Greg Canally, Deputy Chief Financial Officer *gdc*

DATE: June 24th, 2010

SUBJECT: June 2010 Update on City of Austin Federal Stimulus (ARRA) Activities and Status of Grants administered by TDHCA

Attached is an updated matrix of the City's Federal Stimulus (ARRA) activities. It includes all grants we have applied for, including a status of each of these grant opportunities. To date, the City has been awarded \$82.1 million in stimulus funding. The updated matrix is available on the City's stimulus website (www.cityofaustin.org/stimulus).

Since the last stimulus update in April, we have received several notifications on awards. The Department of Energy's Energy Efficiency & Conservation Block Grant program awarded Austin Energy \$10 million to design, develop and implement a Retrofit Ramp-Up Program. This grant was accepted by Council on May 27th along with the authorization to negotiation and execution a related interlocal with the City of San Antonio. Also, Fleet was notified it received \$0.6 million from the Department of Energy through the State Energy Conservation Office for an emissions reduction program. Council accepted the grant on May 13th.

There are also several stimulus-related items on today's June 24th Council agenda:

- Interlocals with area agencies will be authorized to assist the Health and Human Services Department fulfill its Communities Putting Prevention to Work federal grant initiative to reduce tobacco use and exposure to secondhand tobacco smoke.
- An Advance Funding Agreement for \$0.6 million from TxDOT will be authorized for the installation of approximately 200 uninterruptible power supply systems at intersections throughout the city. This was not part of the original allocation from CAMPO. They were reallocated from funds other entities were unable to spending. CAMPO awarded the funding to the City citing the City's ability to spend the funds expeditiously.

March 31, 2010 marked the third quarter for which data was available to report to the Federal government. At that time, spending was just starting to get underway, with contracting, reporting, and oversight processes having been substantially completed. Reports for the next quarter will be due at the end of this month.

We have also been working with U.S. Government Accountability Office (GAO) in their efforts to report on and monitor implementation of the stimulus. Texas, and Texas cities, were highlighted in their May report to Congress, which can be found at <http://www.gao.gov/recovery/related-products/>.

TDHCA Administered Grants

The City has recently been contacted by the Texas Department of Housing & Community Affairs (TDHCA) regarding the pace of expenditures of three stimulus grants the City has been awarded that TDHCA is administering on behalf of the Federal Government:

Community Services Block Grant (CSBG)	\$1.4 million
Neighborhood Stabilization Program (NSP)	\$2.5 million
Weatherization Assistance Program (WAP)	\$2.9 million (with a second allotment of \$2.9 m expected)

Each of these grants were formula-driven awards determined by the lead Federal agency. Federal allocations were made in the spring of 2009, but formal award to the City did not occur until late in 2009 (September 23rd for CSBG, September 1st for NSP, and December 14th for WAP). During that time, TDHCA was setting up these programs. Since the award dates to the City, staff has been working on public outreach, getting staff and contracts in place, ensuring compliance and auditing procedures have been activated, and beginning the expenditure of funds. The time spent on program development is critical to the community and the City

Since the grants were awarded, staff from the departments leading each of these grants efforts (Health & Human Services for CSBG, Housing for NSP, and Austin Energy for WAP) have been meeting TDHCA staff about program development and will continue to do so over the upcoming weeks to address these recent concerns that TDHCA has raised. A particular issue is the lag between when a contractor expends the funds and when the City bills TDHCA. We will be looking at ways to streamline these payment processes while still ensuring proper oversight and compliance is occurring.

The City and TDHCA are also working on a modification to the NSP. The original grant award was for the City to acquire and rehabilitate up to 16 homes and residential properties that have been abandoned for 90 days or more or foreclosed upon in order to rent such homes and properties. Given market demand for these foreclosed homes, combined with the federal rules dictating offer values, the City has only been able to obtain 4 homes. The grant modification will reduce the number of homes acquired from 16 to 6, and the remaining funds would now be used to fund new construction of 12 single-family homes. Housing staff has met with TDHCA and submitted the request to amend the contract on June 23, 2010.

Please let me know if you have additional questions.

xc: Marc A. Ott, City Manager