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# CITY OF OAKLAND



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May 12, 2009

Oakland City Council Committees  
Oakland, California

Chairpersons and Members of the Committees:

RE: **Response to Questions On the Various Projects for which the City is Applying for Grant Funds Under the American Recovery and Reinvestment Act of 2009 (Federal Government's "Stimulus Package")**

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## SUMMARY

This informational report provides responses to questions and recommendations raised by Council Members during the May 5, 2009 meeting of the City Council regarding various grant opportunities under the American Recovery and Reinvestment Act of 2009 (ARRA).

## KEY ISSUES AND IMPACTS

### I. GENERAL STIMULUS ISSUES

- **Please include information on jobs created and the number of jobs created in future Stimulus grant reports**

Where applicable, staff will include job / job creation estimates as part of future stimulus reports.

- **How can the City ensure that funds are used to create jobs for Oakland residents and work for Oakland contractors?**

Staff has been directed by the Mayor and City Administrator to prioritize projects and programs for funding that will result in job retention and creation opportunities for Oakland residents. The Office of the City Attorney has concurred that the City's local employment policy can apply to

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most stimulus funded activities. Among other requirements, the federal government is requiring the application of Disadvantaged Business Enterprise (DBE) Program guidelines to stimulus funds, which Oakland's contractors are required to follow. In preparation for these requirements, the City will hold a DBE certification workshop for all interested businesses, on May 8<sup>th</sup> in the Council Chambers, 3<sup>rd</sup> floor, City Hall, for the specific purpose of preparing local businesses for DBE certification - - opening the door for additional opportunities.

## **II. HOMELESS PREVENTION AND RAPID RE-HOUSING QUESTION**

- **Will funds be used to sponsor a deposit assistance program to help residents with move in costs?**

The City's program design for its Prevention Assistance program will include deposit assistance. Pursuant to the HUD guidelines for the ARRA Homelessness Prevention Program: "The funds under this program are intended to target... individuals and families who are currently in housing but are at risk of becoming homeless and need temporary rent or utility assistance to prevent them from becoming homeless or assistance to move to another unit (prevention)." Thus, by Federal mandate, our program design will include deposit assistance in securing permanent housing.

## **III. ENERGY EFFICIENCY GRANTS QUESTIONS**

- **How can the timing of the Energy and Climate Action Plan be coordinated with the City's energy efficiency applications? How will the City utilize the Energy and Climate Action Plan (ECAP) process to do the planning necessary for the energy efficiency applications?**

The City of Oakland will be receiving approximately \$3.9 million via a formulaic allocation from the Energy Efficiency and Conservation Block Grant (EECBG) program and will have the opportunity to apply for additional EECBG funds on a competitive basis (no details have yet been released on timing, project size, nor eligibility for the competitive funds). In the extensive process of developing a plan for the highest and best use of these EECBG funds, Staff is considering ideas that have been generated to date through the process of developing the Energy and Climate Action Plan (ECAP). Applications for EECBG funds are due to Department of Energy June 25, 2009.

The City of Oakland is required to develop an Energy Efficiency and Conservation Strategy (EECS) as part of its acceptance of EECBG funds (\$3.9 million formulaic allocation). The EECS is due within 120 days of the effective date of the award (October 30th at the very earliest, and probably multiple months after this). However, the City has an incentive to complete the EECS as soon as possible as for cities of our population size, project funds associated with the rest of our EECBG allocation will be withheld until the EECS is submitted and approved.

Most of the EECS requirements are specific to use of the EECBG funds on specific projects, and would not be directly covered by the process of developing Oakland's Energy and Climate Action Plan (ECAP). However, similar analysis is taking place and is being leveraged. In the process of developing the ECAP, staff has been identifying potential opportunities to create energy savings and greenhouse gas (GHG) reductions in Oakland. These ideas are helping to inform staff's consideration of opportunities to use stimulus funds in Oakland.

However, the timelines of these two projects do not fully line up, as the City must choose how to spend the EECBG funds in the next month and won't be ready to make recommendations under the full ECAP process until late Fall. Thus the analysis we are doing to consider opportunities under the EECBG funds is less comprehensive and detailed, but still informed and taking advantage of work done thus far toward the ECAP.

Development of the EECS, which largely relates to the use of EECBG funds specifically, will require dedicated consultant resources to perform the associated analysis and develop this document, as this falls outside of existing Staff work plans. Council authorized development of the ECAP at \$80k using ICLEI as the consultant. Additional consultant support will be needed to assist staff in developing the EECS. Up to \$250,000 of the EECBG is able to be used for this purpose.

The EECS is required to summarize:

- Goals and objectives of use of EECBG funds
  - Timetable and implementation plan for spending EECBG funds
  - Relationship of Oakland EECS to existing City energy and climate strategy (the ECAP)
  - Coordination with State and neighbor local governments on EECBG funds
  - Demonstration of ongoing benefits created by EECBG funds
  - Auditing procedures in place for EECBG funds
  - Description of other funds leveraged and partnerships associated with EECBG funds
  - Baseline energy and GHG emissions (will be in ECAP)
  - Expected benefits created by use of EECBG funds (jobs, energy savings, funds leveraged)
  - Anticipated obstacles and planned actions to overcome them
  - Monitoring and evaluation plan for EECBG projects
- **What are the options for the energy efficiency grants to include weatherization for vacant and foreclosed home?**

The grant guidelines on the competitive grant have not been issued yet by the U.S. Department of Energy. Regarding the formula grant, this activity may be eligible. The question staff is exploring is, "What is the highest and best use of the funds?" A variety of projects that would reduce energy use related to City facilities and throughout the Oakland community have been suggested by department staff, and they are currently being analyzed. Whether the City would want to prioritize formula dollars on weatherizing unoccupied homes relative to other ideas on the list is something staff is working on.

- **Can loans be available for local small businesses to do energy efficiency upgrades?**

Making loans available to small local businesses does not appear to be precluded by the grant guidelines.

- **What are the priorities for determining projects and programs to be proposed for the Department of Energy (DOE) energy efficiency grants, including the role that creation of green jobs will play?**

City staff have been applying the following principles and evaluative criteria in recommending projects and programs;

### **Principles**

The following principles should be considered when determining the best use of EECBG funds:

- Result in green jobs for vulnerable residents with focus on re-entry population and youth.
- Help fill City's budget needs.
- Support longer-term economic development needs.
- Support Model City vision.
- Can serve as a "demonstration" site or project for best way to expend stimulus funds (leverage other resources, funding; equity and environmental best practices; sustainable)
- Best use of one-time monies.
- Avoid block grant spending where other resources are or might easily be available
- Follow the energy improvement hierarchy:

Conservation (1<sup>st</sup>)  
Efficiency (2<sup>nd</sup>)  
Renewables (3<sup>rd</sup>)

### **Evaluative Criteria**

The following evaluative criteria have been used by the City in the past to prioritize amongst opportunities. For the purposes of fast-track evaluation, some criteria might be quantified, while others might be ranked on a high/medium/low basis.

- **Impact** – Will this project resolve something or move the agenda forward in a big way?
- **Meets City Budget/Health/Safety Need** – Will this project fill a critical City need or help the City to operate in an essential way?
- **Cost Savings Per Dollar Invested** – How much savings per dollar invested would this project generate? To whom would this savings accrue?

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- **Economic Development Potential** – Is the project likely to generate or help retain a significant number of jobs or generate other local economic development in the near future?
- **Community Sense of Benefit** – How likely is the community to embrace this project as a good use of EECBG funds?
- **Potential for Long Term Benefits** – Does the project create longevity through either persistent benefits and/or serving as a platform to enable other significant future actions and benefits?
- **Key Co-Benefits** – Does the project create other key co-benefits such as equity benefits, GHG or air pollution reduction, public health and safety improvements, etc?
- **Timing** – Can the project be initiated quickly and completed within 36 months?

#### IV. STATE FISCAL STABILIZATION FUND (SFSF) QUESTIONS

- **Committee asked staff to provide information on what kinds of programs the City could apply for (i.e., safety around schools) under this program and to clarify what the Government Services Fund is.**

The State of California's State Fiscal Stabilization Fund appropriation from the U.S. Department of Education (ED) totals approximately \$5.9 billion. The specific components of that allocation include:

- **The Education Stabilization Fund** (81.8% of SFSF; \$4.9 billion)  
This Fund is to help stabilize the State and local budgets in order to minimize and avoid reductions in education and other essential services. The State of California must use this funding to restore State support for elementary and secondary education, public higher education, and as applicable, early childhood education programs and services. The application for the initial round of these funds was due to the State from local education agencies on May 4, 2009
- **The Government Services Fund** (18.2% of SFSF; \$1.08 billion)  
The ARRA indicates that this Fund must be used for public safety and other government services. This may include assistance for early learning, elementary and secondary education and public institutions of higher education. The ARRA also indicates that these funds may be used for modernization, renovation, repair of public school and public or private college facilities. The State of California's application indicates that 100% of these funds are to be used for Public Safety.

Guidance issued by the ED in April, 2009 (<http://ed.gov/programs/statestabilization/guidance.doc>) on SFSF regarding the Government Services Fund indicates that it should be used:

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*...in a manner that will help create jobs, reduce unemployment, stabilize and improve the State's economy, and avert the need to raise taxes. The Department also encourages Governors to use these funds in ways that support State and local educational reform initiatives, especially activities that will enable the State to make progress in the areas related to the four education reform assurances provided in the State's application for Stabilization funding.*

The ED Guidance also indicates that "the scope of allowable activities for the Government Services fund is broad, and is not limited to modernization, renovation, or repair of public school facilities or IHEs." Construction and infrastructure support are allowable uses of these funds. Also, the Governor has some flexibility in determining when to use these funds which are available for obligation through September 30, 2011.

The National Governors Association has also issued a document (*State Opportunities under the American Recovery and Reinvestment Act: State Fiscal Stabilization Fund (Title XIV)*, March 24, 2009) for the Governors regarding the SFSF. Within that document, at 1.3 – Grants to Governors for "Other Government Services" [§14002(b)] it states:

#### ***1.3.5 Issues for Governors***

- Governors have complete discretion over the use of these funds, so there will be many competing interests to consider.*
  - Governors should be cautious about using the state fiscal relief funds to support new programs that may not be able to be sustained after the ARRA funds are expended.*
- **Council requested a report from OUSD regarding what they applied for in the first round of funding.**

City staff will be meeting with representatives from OUSD soon and will relay the Council's request. OUSD's application was submitted and received by the State on April 29, 2009.

- **Council directed staff to continue to monitor these funds and to collaborate with OUSD and other organizations on Stimulus opportunities in general and the State Fiscal Stabilization Funding in particular.**

City staff is already monitoring stimulus funding opportunities for the City, including the State Fiscal Stabilization Fund, and has been engaged in conversations with OUSD and other collaboration partners regarding the SFSF grant as well as other stimulus grants

**V. COMMUNITY SERVICES BLOCK GRANT (CSBG) QUESTION**

- **What percentages of the funds are going to job training versus job creation? Can the funds be used for a 50/50 split and an emphasis on job placement?**

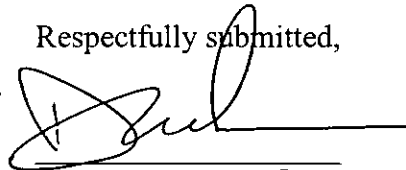
The City is utilizing the CSBG funds to design partnerships with three entities: 1) Oakland Community and Economic Development Agency's HOME Rehabilitation Program; 2) Spectrum, the agency responsible for all weatherization dollars in Alameda County; and 3) the Unity Council which is funded to do green audits and rehab. More partners are being explored such as the Alameda County Office of Education, PG& E, and Cypress Mandela Training Center program for high risk young adults. The first two entities use independent contractors to conduct their work. The City will be working with them to design a strategy whereby they are given incentives (wage subsidies) in order to hire Oakland workers trained through CSBG funded training programs (Cypress Mandela, Workforce Alliance, Volunteers of America) that work with low income and high risk individuals. The Unity Council has a contractor's license and a three year grant that subsidizes transitional jobs and has already committed to hiring workers trained through CSBG programs.

CSBG is focusing on a continuum of employment that includes job training, transitional jobs (paid temporary work designed to build work experience and skills), wage subsidies to encourage private employers to hire trainees, and job placement in private sector, unsubsidized employment. The continuum described will be funded by multiple partners who have already been approached including Community Development Block Grant division (via the HOME program), Unity Council, Alameda County Social Services Agency, Measure Y, and others. Workplans with leveraged funding are being designed by current CSBG and City contractors to ensure the full continuum from training to unsubsidized jobs is funded and leads to employment.

**RECOMMENDATIONS**

This report responds to Council questions. No action is requested.

Respectfully submitted,



Dan Lindheim  
City Administrator