



CITY OF PHILADELPHIA

OFFICE OF DIRECTOR OF FINANCE

Office of Budget and Program Evaluation
1401 J.F. Kennedy Boulevard
Suite 1400, Municipal Services Building
Philadelphia, PA 19102-1693
(215) 686-6146
Fax: (215) 686-2625
E-mail: stephen.agostini@phila.gov

STEPHEN J. AGOSTINI
Budget Director

October 8, 2009

Honorable Michael A. Nutter, Mayor
City of Philadelphia
Room 215 City Hall
Philadelphia, PA 19102

Dear Mayor Nutter:

This letter transmits to you the City of Philadelphia's status summary of activity under the American Recovery and Reinvestment Act (ARRA) along with a certification that the City has met its reporting requirements for the October 10th reporting deadline as established by the ARRA.

ARRA requires us to report quarterly on a number of basic data points about grants that are awarded - the most significant being: amounts awarded, amounts spent, jobs created/retained because of the Recovery funding and any sub-recipients and/or vendors that have been brought onto the project to execute the work.

This letter summarizes Recovery activity up to September 30th, 2009, and looks at the following:

- Funds applied for, awarded, and spent in the City of Philadelphia and our partner organizations;
- The items that will be reported to the Federal Government and the State of Pennsylvania regarding our Recovery grants;
- Challenges that have arisen during this reporting process

TOTAL FUNDING SUMMARY

Below summarizes the total funds that the City of Philadelphia is applying for through Recovery, the amount of formula money we are slated to receive, the amount we have received to date, and the amount we have spent.

- Total Recovery Funds that the City of Philadelphia has **Applied** to receive: \$310.876 million
- Total Recovery Funds to the City of Philadelphia **Awarded to date**: \$157.67 million

- Total Recovery Funds Spent to Date by the City of Philadelphia: \$776,105¹
- Total Jobs Retained from Funds Spent to Date: 52

While reports will be submitted for entities including the Philadelphia Workforce Development Corporation, School District of Philadelphia, Philadelphia Housing Authority, SEPTA, etc., those reports are being submitted individually by those agencies and are not part of the City of Philadelphia's reporting requirements. We do not have updated numbers as to how much these entities have applied for and been awarded, but we will endeavor to obtain these amounts. We are also looking to establish close working relationships for Recovery activity as there may be cross-agency opportunities to put together funding proposals.

DETAILED FUNDING INFORMATION

Eligible Recovery Formula Money Awarded to City of Philadelphia to Date (Total - \$86.451 million):

- \$14 million – Community Development Block Grants (Awarded August 13th, 2009)
- \$13.9 million – Employment and Training from Department of Labor (PWIB)
- \$251,203 – Senior Community Service Employment Program (awarded April 1st, 2009)
- \$14.1 million – Energy Efficiency and Conservation Block Grants (awarded September 29th, 2009)
- \$7.2 million – Highway Investment (City) (awarded August 12th, 2009)
- \$21.4 million – Homelessness Prevention (awarded August 24th, 2009)
- \$2.1 million – Homelessness Prevention (awarded September 15th, 2009)
- \$13.5 million – Byrne JAG Local Grants (awarded August 8th, 2009)

Competitive Money Awarded to City of Philadelphia to Date (Total - \$70.7 million):

- \$26.6 million - PHL Baggage Screening (awarded June 15th, 2009)
- \$5.72 million – PHL Runway and taxiway rehab (awarded August 20th, 2009)
- \$434,000 - Healthy Homes for Foster Care (Awarded March 10th, 2009)
- \$875,000 – Healthy Homes For Day Care (Awarded March 10th, 2009)
- \$685,000 – Homeless Prevention (Awarded September 15th, 2009)
- \$200,000 - Water and Sewer Replacement, plant maintenance and green projects (Water and Wastewater Loans) (Awarded April 20th, 2009; loan agreement still pending)
- \$150,000 – Research on Varicella Vaccine (Awarded September 15th, 2009)
- \$125,000 – Supplemental Funding for Immunizations (Awarded September 3rd, 2009)
- \$8.3 million – Community Service Block Grant (Awarded July 30th, 2009)
- \$565,000 – Evaluation of Vaccines for Preventable Diseases (Awarded September 15th, 2009)
- \$11 million – COPS Grant (awarded July 1st, 2009)
- \$250,000 – Strengthening Communities Fund (award September 30th, 2009)

¹ This is all money expended, encumbered or reimbursed from the City of Philadelphia and the First Judicial District.

- \$15.8 million - Weatherization Grant (awarded September 1st, 2009)

Funds Spent by the City of Philadelphia - Total - \$776,105

- \$714,000 – Byrne JAG Grant
- \$12,514 – Healthy Homes Day Care
- \$49,591 – Senior Community Service Employment Program

REPORTING FOR OCTOBER 10th

For the Office of Management and Budget (OMB) reporting period that ends October 10th, 2009, the City of Philadelphia will submit fourteen reports as a **prime recipient**. These are grants which the City has received directly from the federal government, including:

- Community Development Block Grant (\$14,046,029)
- Healthy Homes Day Care (\$875,000)
- Homeless Prevention & Rapid Re-housing (\$21,486,240)
- Varicella Vaccine Research Grant (\$150,000)
- Supplemental Funding for Child and Adult Immunizations Grant (\$125,288)
- Evaluation of Meningococcal Conjugate Vaccine and Other High-Priority Vaccine Preventable Diseases (\$564,358)
- Byrne Grant (\$13,544,604);
- COPS Grant (\$10,903,350);
- Energy Efficiency Community Block Grant (\$14,108,700);
- Philadelphia International Airport Runway Rehabilitation Grant (\$5,724,694);
- Philadelphia International Airport baggage screening technology (\$26,609,933);
- Mayor's Office of Faith Based Initiatives Capacity Building Project (\$249,333)

Of these prime recipient grants, only two (Healthy Homes Day Care and the Byrne Grant) reflect any spending activity. The Philadelphia Workforce Development Corporation has also spent over \$6 million in Recovery workforce funds. However, their financial data is not tracked by the City and they are not required to be included in our October 10th report.

In addition to the reports the City has submitted as a prime recipient, the City is a **sub-recipient** to either the Commonwealth of Pennsylvania or other organizations for funds (listed separately below). These sub-recipient grants include:

- Healthy Homes Foster Care (\$434,320)
- Homeless Prevention and Rapid Re-housing - Formula (\$2,091,608)
- Homeless Prevention and Rapid Re-housing – Competitive (\$689,776)
- Citywide Transportation Repaving (\$7,239,539)
- Two PennVest Loans for Water and Wastewater Treatment Improvements (\$100,000 each)

- Mayor's Commission on Aging (\$251,203 – sub-recipient to the Philadelphia Corporation for the Aging)
- Community Service Block Grant (\$8,330,086)

Of these sub-recipient grants, only the Mayor's Commission on Aging grant reflects any spending activity through September 30th. The prime recipient bears all reporting responsibility for these grants and has not delegated responsibility to the City sub-recipients. As such, the City's sub-recipients are not required to report to the Federal government directly.

REPORTING CHALLENGES

This is the first major reporting milestone that the City is obligated to meet under ARRA. A number of issues have emerged as the Recovery Office has compiled the information necessary to complete the City's report filings for the October 10th deadline. My primary concern is that a number of city departments have handled their own spending and reporting of ARRA funds rather than coordinate these activities through the Recovery Office, which may, as explained below, jeopardize the city's ability to secure the maximum amount of ARRA funding it can, and report accurately on ARRA activity.

The US Office of Management and Budget (OMB) recommends that states and municipalities carefully coordinate activities with recipients and registrants on recovery.gov². A Recovery Officer for the City of Philadelphia was designated to ensure careful oversight of the City's pursuit and use of Recovery funds. However, there have been a number of instances where departments have not followed procedures established for reporting centrally on the City's Recovery efforts. For example, reports have been filed with the Federal Government without prior notification to or approval by the Recovery Office: e.g., the Department of Public Health submitted final reports to the Federal government for three research grants received without receiving a final sign-off from the Recovery Office. Ensuring that the city is complying with Federal reporting requirements for ARRA will be very difficult if the Recovery Office is unable to review and certify information before departments submit reports to the Federal Government. Errors in reporting by one department might reflect badly on grant applications from other city departments and thereby diminish our chances of securing additional ARRA funds.

In addition, there are instances where departments have encumbered or expended funds without proper City of Philadelphia appropriation authority. For example, the First Judicial District has incurred expenses for activities supported by ARRA Byrne Grant funds without securing appropriation authority in advance. While it is understandable that departments have been aggressive about spending these Recovery funds, efforts need to be made to ensure that funds are expended and encumbered in a manner that adheres to the budget process for the City of Philadelphia. To prevent situations like these from recurring, the Budget Office has drafted a transfer ordinance to provide departments with appropriation power needed to spend \$52.1 million in Recovery funds that have been awarded or

² http://www.whitehouse.gov/omb/recovery_faqs

allocated, and where an award or allocation letter has been provided by the granting agency to the City.

Another issue has been the lack of a centralized approach for competitive grant applications. Currently, the Recovery Office does not know if City agencies are competing for the same ARRA grants from the US government, thereby risking the chance that federal funding sources might discount duplicative applications from the same jurisdiction. This will become a particular acute issue as competitive grants begin to diminish in size and availability. While agencies and departments are keeping the Recovery Office apprised of any new grants that have been applied for through the bi-weekly Recovery Project team meetings, the Recovery Office is only aware of grants after City agencies have submitted applications for consideration. A more coordinated process for deciding which competitive applications the City should pursue would maximize overall funding opportunities.

The solution to these issues is straightforward: either departments or agencies conform with the requirements of a central recovery office or the process should be de-centralized to reflect the current situation. However, I believe the risks involved with the latter are considerable. Future reports will be challenged by greater complexity as the City receives additional Recovery funds and more extensive spending is reflected. The City's approach to its ARRA reporting requirements should be clarified before the next reporting period process begins in earnest.

Despite these challenges, I am confident that the City's Recovery Office has adeptly met the requirements of the ARRA for this reporting period. Via transmittal of this letter, I certify to the best of my knowledge that the City of Philadelphia has met its obligations under Sec. 1512 of the American Recovery and Reinvestment Act (ARRA). The information submitted is accurate and complete and properly reflects the City's ARRA activity to date.

Sincerely,



Stephen J. Agostini
Budget Director and Recovery Officer