



**BRIEFING: OCTOBER 19, 2017 BOARD MEETING AGENDA ITEM #4**

**TO:** Chairman Richard and Board Members

**FROM:** Tom Fellenz, Interim Chief Executive Officer  
Lisa Marie Alley, Chief of Communications

**DATE:** October 19, 2017

**RE:** Investing in California's Future through the American Recovery and Reinvestment Act (ARRA)

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**Background**

In 2009, the United States was at the height of the Great Recession. Millions of jobs were lost, home prices plummeted and the U.S. stock market declined by almost 50 percent, with devastating effects on the overall American economy.

To address this economic crisis, the Congress passed and the President signed American Recovery and Reinvestment Act (ARRA) to provide economic stimulus to save and create jobs through infrastructure investment. ARRA funds were established to support near-term investments – repairing roads, bridges and airport facilities – and longer-term investments, such as high-speed rail, to spur technological development and build new infrastructure that would support longer-term economic development goals. To achieve these objectives, the federal government required that all ARRA funds be fully expended by September 30, 2017.

**Discussion**

The key policy objectives established in ARRA were to:

- Create jobs
- Stimulate the economy
- Spur technological development
- Build new transportation infrastructure that provides long-term economic benefits

California received \$2.55 billion in ARRA funds and combined those funds with other state and federal funds to begin construction of the high-speed rail system that California voters approved in 2008 with the passage of Proposition 1A. ARRA dollars have also been used for project development, preliminary engineering and environmental work on the Phase 1 system from San Francisco/Merced to Los Angeles/Anaheim.

California successfully met the goal of investing the ARRA funds by the September deadline but, importantly, California has fully achieved ARRA's policy goals:

- As of June 2016, more than 630 different private sector firms have worked on the program, and companies from 35 different states have contributed to everything from planning and engineering to construction services.
- 407 small businesses have worked on the program to date with more to come, including 116 Disadvantaged Business Enterprises (DBE) and 45 Disabled Veteran Business Enterprises (DVBE).
- Thousands of good-paying jobs have helped put people back to work – with the Central Valley showing an almost 400 percent growth in jobs supported from 2014 to 2016 – and more than 1,400 craft laborers have been dispatched to work on the three major design-build construction projects.
- Billions of dollars have infused the state's economy – creating \$3.5 to \$4.1 billion in economic activity.

The *Investing in California's Future through the American Recovery and Reinvestment Act* report, recently released by the Authority, describes the dividends that the public investment in California's transportation infrastructure yielded for the state and for its citizens.

### **Next Steps**

The Federal Railroad Administration (FRA) and the Authority, as part of the ARRA agreement, expended the federal dollars by the statutory deadline. Looking ahead, the Authority will continue to build on this progress using state and local funds. This funding will contribute towards the completion of environmental documentation for the Phase 1 system and construction in the Central Valley.

### **Recommended Action**

This is an informational item only; no action is recommended at this time.

### **Attachments**

- *Investing in California's Future through the American Recovery and Reinvestment Act* (October 2, 2017)
- Corresponding Press Release