American Recovery and Reinvestment Act of 2009
Analysis of Drinking Water and Waste Water Investment in Fresno and Stanislaus Counties

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Photos Courtesy of David Bacon
Introduction and Scope

Throughout California hundreds of thousands of people live in Disadvantaged, Unincorporated Communities (DUCs). DUCs range from urban pockets that are excluded from cities, to more remote, densely settled rural communities. Residents in these communities often live without the most basic features of a safe and healthy environment - potable drinking water, sewer systems, safe housing, public transportation, access to healthy food, sidewalks, storm-water drainage, streetlights and parks - due to decades of neglect and exclusion from formal decision making by city, county and state governments. Political and institutional barriers to state and federal funding programs perpetuate this neglect, and conditions in DUCs remain largely unchanged. Thus, when Congress passed the American Recovery and Reinvestment Act (ARRA) in 2009 a unique opportunity presented itself to address infrastructure conditions in DUCs.

The focus of this report is expenditures supporting necessary infrastructure investment - in particular water and wastewater projects - in DUCs. Our primary research question: “Did ARRA spending in rural counties align with its stated goals and to what extent have those goals have been achieved?” ARRA presented an opportunity for significant economic growth and investment in failing water and wastewater infrastructure in DUCs, our research showed that in practice ARRA implementation and funding mechanisms worked against the needs of DUCs.

American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act (ARRA) was passed by Congress and signed into law on February 13, 2009. ARRA was passed in direct response to the ongoing economic crisis that signaled the need for responsible planning and long term investment for immediate and future economic growth. The three major objectives of ARRA were to: 1) create new jobs and save existing ones; 2) spur economic activity and invest in long term economic growth; and 3) foster unprecedented levels of accountability and transparency in government spending. Particular emphasis on infrastructure investment was designed not only to meet the present economic needs of the nation but to

1 © 2011 California Rural Legal Assistance, Inc. with contributions from California Rural Legal Assistance Foundation and PolicyLink. This study was supported in part by a grant from the Foundation to Promote Open Society.

2 http://www.recovery.ca.gov/
also to stimulate investment in aging infrastructure as a down payment for future economic growth.

ARRA consisted of a $787 billion dollar package intended to revitalize the economy across all sectors and levels of government. Under ARRA, funds were designated to 28 federal agencies. These agencies then distributed ARRA funds to state agencies and departments for state level initiatives. State agencies subsequently granted or loaned ARRA funds to local entities and organizations.³

Of the $787 billion, the State of California received just under $35.9 billion.⁴ Fresno County received approximately $341.2 million to fund approximately 617 projects in a broad array of sectors.⁵ Stanislaus County received approximately $75.5 million to fund approximately 235 projects.⁶ Table 1 and Table 2 below show how funds were spent across categories.⁷

### Table 1: Stanislaus County ARRA Spending Categories

<table>
<thead>
<tr>
<th>Spending Category</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>7,146,191</td>
<td>9.46 %</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>130,440</td>
<td>.17 %</td>
</tr>
<tr>
<td>Energy and Environment</td>
<td>6,462,279</td>
<td>8.5 %</td>
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<tr>
<td>Housing</td>
<td>30,280,073</td>
<td>40.1%</td>
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<tr>
<td>Health</td>
<td>6,487,706</td>
<td>8.5 %</td>
</tr>
<tr>
<td>Public Safety</td>
<td>11,056,715</td>
<td>14.6%</td>
</tr>
<tr>
<td>Family</td>
<td>12,119,666</td>
<td>16%</td>
</tr>
<tr>
<td>Job Training</td>
<td>403,415</td>
<td>.53 %</td>
</tr>
<tr>
<td>R &amp; D/Science</td>
<td>1,018,980</td>
<td>1.3%</td>
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<tr>
<td>Education</td>
<td>154,522</td>
<td>.20 %</td>
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<tr>
<td>Other</td>
<td>181,508</td>
<td>.24 %</td>
</tr>
</tbody>
</table>

³ [http://www.recovery.gov/About/RecoveryInAction/Pages/HowtheMoneyMovesOverview.aspx](http://www.recovery.gov/About/RecoveryInAction/Pages/HowtheMoneyMovesOverview.aspx)

⁴ [http://www.recovery.gov/About/RecoveryInAction/Pages/Funding.aspx](http://www.recovery.gov/About/RecoveryInAction/Pages/Funding.aspx)

⁵ [http://www.recovery.gov/Transparency/Pages/DataExplorer.aspx?bk=ebfc97bf-1769-45c0-8d6d-5b7f690f1507&t=Q291bnRpZXMgYnkgRnVuZHMgQXdhcmRlZA==](http://www.recovery.gov/Transparency/Pages/DataExplorer.aspx?bk=ebfc97bf-1769-45c0-8d6d-5b7f690f1507&t=Q291bnRpZXMgYnkgRnVuZHMgQXdhcmRlZA==)

⁶ [http://www.recovery.gov/Transparency/Pages/DataExplorer.aspx?bk=ebfc97bf-1769-45c0-8d6d-5b7f690f1507&t=Q291bnRpZXMgYnkgRnVuZHMgQXdhcmRlZA==](http://www.recovery.gov/Transparency/Pages/DataExplorer.aspx?bk=ebfc97bf-1769-45c0-8d6d-5b7f690f1507&t=Q291bnRpZXMgYnkgRnVuZHMgQXdhcmRlZA==)

⁷ On the federal recovery website, www.recovery.gov, there is a small discrepancy between money spent and total money allocated initially allocated.
### Table 2: Fresno County ARRA Spending Categories

<table>
<thead>
<tr>
<th>Spending Category</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>180,681,737</td>
<td>52.9 %</td>
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<tr>
<td>Infrastructure</td>
<td>71,312,264</td>
<td>20.9 %</td>
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<tr>
<td>Energy and Environment</td>
<td>19,582,998</td>
<td>5.7 %</td>
</tr>
<tr>
<td>Housing</td>
<td>18,579,329</td>
<td>5.4 %</td>
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<tr>
<td>Health</td>
<td>13,852,262</td>
<td>4.0 %</td>
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<tr>
<td>Public Safety</td>
<td>17,155,802</td>
<td>5.0 %</td>
</tr>
<tr>
<td>Family</td>
<td>7,395,136</td>
<td>2.1 %</td>
</tr>
<tr>
<td>Job Training</td>
<td>4,092,402</td>
<td>1.1 %</td>
</tr>
<tr>
<td>R &amp; D/ Science</td>
<td>2,577,238</td>
<td>.75 %</td>
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<tr>
<td>Education</td>
<td>2,147,821</td>
<td>.62 %</td>
</tr>
<tr>
<td>Other</td>
<td>615,826</td>
<td>.18 %</td>
</tr>
</tbody>
</table>

**Drinking Water and Wastewater Distribution**

California's Department of Public Health (DPH) and State Water Resources Control Board (SWRCB) were responsible for managing and distributing ARRA funds for drinking water and wastewater projects to benefit counties, cities, and special districts. In addition, the United States Department of Agriculture (USDA) also received and distributed ARRA funds for water and wastewater infrastructure investments in rural communities. The US Environmental Protection Agency allocated ARRA funds to each agency's revolving fund: SWRCB's Clean Water State Revolving Fund (CWSRF) for wastewater infrastructure (managed by the State Water Resources Control Board) and DPH's Safe Drinking Water State Revolving Fund (SDWSRF) for drinking water infrastructure. These agencies were charged with effectively distributing the additional infusion of capital for water and wastewater funding across California and to communicate with potential applicants.

Both agencies identified the importance of using the funding to ameliorate untenable conditions in disadvantaged communities. In fact, the DPH's ARRA *Intended Use Plan* for the Safe Drinking Water Revolving Fund noted that additional support to disadvantaged communities needed to be provided. By providing low interest loans and loan principal forgiveness (effectively grants) and negative interest rates, the SDWSRF

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8 Special District: Provide much needed services to unincorporated areas throughout the county that the county does not otherwise provide. These districts typically provide water and wastewater service, parks and recreation, drainage, and street lighting. They are governed by a locally elected board of directors.
provided an opportunity to “help reduce increases in the cost of drinking water to the smallest, most disadvantaged communities…” Moreover, disadvantaged communities\(^9\) qualified for 100% of loan principal forgiveness, an unprecedented opportunity.\(^10\)

As noted above, the United States Department of Agriculture Rural Development program also received ARRA funding to provide capital financing awards for water and wastewater services in rural communities.

**Systemic Obstacles to Funding For Disadvantaged Unincorporated Communities and the Promise of ARRA**

Our communities of interest in this study have median household incomes at or below 80% state median income. They are excluded from municipal representation and often municipal services, relying on county government and small special districts for basic infrastructure and services. Residents of DUCs throughout California suffer disproportionately from contaminated drinking water sources, failing water and wastewater infrastructure, or simply non-existent drinking water and wastewater infrastructure or services. Groundwater that residents of DUCs rely on for their drinking water often contains levels of arsenic, nitrates, perchlorate, dbep, fecal coliform or other contaminants that exceed maximum contaminant levels designated by state and federal standards. Failing septic tanks and lack of proper storm-water drainage infrastructure further compromise the water table and create other safety hazards such as standing water and mosquito infestation.

Despite the demonstrated need for significant investment in water and wastewater infrastructure in DUCs, several systemic barriers block the efforts of low income disadvantaged unincorporated communities from accessing the funding they so desperately need to address critical infrastructure deficiencies.

Local governments, specifically special districts, county government and city government, fail entirely or effectively to seek grant and loan funding available for infrastructure development. Small, independent special districts lack the technical expertise and personnel resources to compete with larger and wealthier governmental entities. Cities, even when they completely surround or are adjacent to a DUC generally deny responsibility for territory that is technically under the jurisdiction of the county, and do not seek funding to alleviate critical infrastructure concerns in such communities. Still further, counties are often ill-equipped, lacking resources and technical expertise to seek funding for and/or provide municipal services to disadvantaged communities. Furthermore, like cities, counties lack the political will to prioritize disadvantaged communities. In fact, several counties have stated or tacit policies that discourage investment in DUCs.

State and federal funding programs also present substantial obstacles to DUCs. Often unaffordable matching-fund requirements and obligatory loan components of most

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\(^9\) Defined as community median household income less than 80% of the state median income.

funding packages make many programs financially impossible for many cash-strapped local governments and low income rate payer bases. Data necessary to support applications, such as demographic and income information, is often unavailable or grossly inaccurate for DUCs, thus excluding them from eligibility. Inadequate technical assistance, onerous applications and countless bureaucratic hurdles keep many local governments from even seeking funding for infrastructure and services.

For all these reasons, the 100% grant packages designed to invest in infrastructure and employ Californians in the most unemployed regions created so much hope for residents of DUCs.

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**Uneven Distribution of ARRA funds in Agricultural Counties**

**Economic Inequality - Fresno and Stanislaus Counties at a Glance**

Both Fresno and Stanislaus counties are home to thousands of low to very low income residents. The low to very low income population typically resides in the county’s DUCs. This segment of the population, predominantly agricultural workers, faces ongoing and significant economic inequality.

To illustrate the levels of inequality, the Fresno County 2010 Annual Crop and Livestock Report reported gross production value at $5,944,758,000.00, an 11.17% increase from the previous year.¹¹ In its annual report, Stanislaus County reported a production value of $2,572,434,000 in 2010 an increase 11% from $2,312,669,000.00 in 2009. Yet poverty levels continue to increase. In Fresno County of the same period, from 2009 to 2010, Median Household Income dropped and the poverty rate increased over 5%, from 21.5% to 26.8%. In Stanislaus County as well, Median Household Income fell and poverty rates increased from 17% to 19.7% between 2009 and 2010.

**Irrigation Funding and ARRA**

$40 million ARRA dollars were designated by the U.S. Department of Interior Bureau of Reclamation for drought-relief projects in California. This funding was designated subsequent to meetings between the Bureau of Reclamation Commissioner, Mike Connor, with water and irrigation district representatives in San Joaquin Valley. The Commissioner highlighted a recent drought and high unemployment in San Joaquin Valley as reasons to projects such as installation of temporary pipelines and pumps, drilling and installation of new water wells, well-enhancement projects, and groundwater monitoring efforts.

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**Fresno County**

Of the $40 million, $12,562,500 was awarded to Fresno County irrigation districts for irrigation projects. Specifically, Westlands Water District in Fresno received $7,500,000 to rehabilitate and enhance 15 new wells for increased availability of water for irrigation; Firebaugh Canal Water District in Mendota received $475,000 for a 1 mile of temporary pipeline, temporary lift pumps, flow meters, and water valves to address water needs within the district with a focus on water for irrigation; Fresno Slough Water District received $305,000 for the installation of a new well to increase availability and reliability of water for irrigation district; Mercy Springs Water District in Firebaugh received $315,000 in install a new well in the district for irrigation purposes; Pacheco Water District in Fresno received 3,355,500 to rehabilitate and enhance seven irrigation wells and to fund six projects ranging from the installation of temporary pipelines, booster pumps, well rehabilitation and enhancement, and installing five new wells so that more water is available for irrigation; Tranquility Irrigation District received $612,000 in install a new well in the district to increase water available for irrigation purposes.

**Stanislaus County**

Of the $40 million, $6,794,000 was awarded to Stanislaus County irrigation districts for irrigation purposes. The Central California Irrigation District in Los Banos received $19,000 to repair an existing well to make water more available for irrigation; Del Puerto Water District in Patterson received $4,260,000 for well enhancement and rehabilitation to make more water available for irrigation; West Stanislaus Irrigation District in Westley received $2,515,000 for 13 projects in the water district, such as installation of temporary pipelines, valves, flow meters, well enhancement and rehabilitation, and installation of nine new wells to make water more available for irrigation purposes.

**Methodology**

The focus of this research was to analyze the levels of ARRA investments for water and wastewater projects in Fresno and Stanislaus counties. Particular interest was placed in identifying whether funding was allocated to DUCs that are in most dire need of new and/or improved water and wastewater infrastructure.

The goal of this research was to identify whether the distribution of funding aligned with the overall goals of ARRA, particularly in DUCs. In addition, the research sought to identify whether this one time unique funding opportunity would prove beneficial to the communities that are oftentimes excluded by institutional barriers from accessing regular state and federal funding opportunities. Finally, the research focused on identifying whether or not local agencies submitted applications for funding and to identify reasons as to why they did or did not receive funding or why they did not apply for funds.
Initial data was collected from the California Recovery website, however, as of July 1, 2011, the California Recovery website was discontinued and all Recovery Act data is now available on the Federal Recovery website. Additional research was completed utilizing the Federal Recovery website to supplement data and reconcile reporting discrepancies.

To supplement and confirm the information provided by the online reporting websites for Fresno County CRLA staff conducted phone interviews with staff from all fifteen cities, twelve special districts, and the Fresno County Special District Division that manages county service areas that provide water or wastewater services. In Stanislaus, CRLA conducted phone interviews with 20 agencies that provide water or wastewater to the public in Stanislaus County. A total of nine cities and ten special districts were contacted. CRLA was not able to connect with the Riverdale Park Tract Community Services District. In these interviews, CRLA asked; (1) if the interviewee had been aware of ARRA funding; (2) if the agency applied for ARRA funds; (3) if the agency did apply, was it awarded funds; and (4) if the agency did not receive an award, the reason for which the application was denied.

It bears noting that CRLA staff had to conduct telephone interviews due to the general lack of readily available information on the California Recovery and Federal Recovery websites. Although ARRA was passed in 2009 with the promise of fostering unprecedented levels of transparency in government spending, information on the descriptions of projects that received funding, the number of jobs created, and to whom sub contracts were awarded in California did not appear in great detail until July 1, 2011 when the California Recovery website merged with the Federal Recovery website. Although the Federal Recovery increased available Recovery Act data, there is still no information on the total number of projects submitted and a clear, concise explanation as to why applications were rejected.

Finally, Public Records Act requests were sent to cities and special districts that did not respond to initial attempts to gather data via telephone.

**Initial Findings**

**Fresno County**

**Basic Demographics**

Fresno County, located in the heart of the San Joaquin Valley, is composed of a 930,450 population as of the 2010 U.S. Census count. The racial breakdown of the county is as

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12 https://www.recovery.gov/
13 CRLA staff contacted cities and special districts in Fresno and Stanislaus Counties to determine whether ARRA money was sought for water and wastewater infrastructure improvements. See attachment 1 and 2 for responses to phone interviews and public records requests.
follows: White- Non Latino 32.7%, Black or African American 5.3%, American Indian and Alaskan Native 1.7%, Asian 9.6%, and Hispanic or Latino 50.3%.\textsuperscript{14}

There are 15 cities, 28 Census Designated Places, 11 of which are considered to be disadvantaged communities, and a total of 157 unincorporated populated communities that have been identified through U.S. Census data and U.S. Geographic Name Information System.\textsuperscript{15}

![Figure 3. Municipalities and Communities in Fresno County. Map created by PolicyLink, 2009.](image)

**Water and Wastewater Investment in Fresno County**

Under the ARRA fund distribution scheme, drinking water and waste water projects are identified under the Infrastructure and Energy and Environment spending categories. These categories include air quality improvement projects, storm drainage projects, water and wastewater and street and walking trail improvements.

\textsuperscript{14}http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC_10_DP_DPDP1&prodType=table

\textsuperscript{15}Municipalities and Communities in Fresno County. PolicyLink, 2009.
Seventy-four projects received funding under these categories in Fresno County. Of the 74 projects, only two received funding to support and improve drinking water infrastructure and three received funding for improvements to waste water systems. According to the California Department of Public Health ARRA Safe Drinking Water State Revolving Fund funded project list the projects that received funding were to connect the neighborhood of Herndontown to the City of Fresno public water system and to install water meters in the City of Parlier. The three wastewater system projects that received grant awards funded the connection of the neighborhood of Herndontown to the City of Fresno wastewater system, increased the treatment capacity and efficiency of the City of Kerman’s wastewater system, and increased the capacity of the Caruthers Community Services District’s wastewater system.

Only one water or wastewater project was funded in an unincorporated community. The total cost of all of five projects was $9,374,355.00. No other projects were funded to support drinking water and wastewater infrastructure within Fresno County. (See Attachments 1 and 2) Similarly, there were no projects funded to improve air quality, street improvements, walking trails or storm water drainage infrastructure in DUCs.

As noted above, other projects funded in this category include storm water drainage improvements, walking trails, diesel programs to improve air quality, and street improvements. However, not one project funded in these areas occurred in a DUC in either Stanislaus or Fresno Counties despite significant need for such projects.

In addition, the County of Fresno operates and maintains a number of county service areas that provide drinking water, wastewater, lighting, road maintenance, and recreational space services for unincorporated areas. The Fresno County Department of Public Works submitted a total of seventeen projects for funding to improve water and wastewater services (Fresno County Department of Public Works, personal communication, November 2010). Of the seventeen projects, eleven were for improvements on water systems, and six were for improvements to wastewater systems. However, not one of these projects received funding. Notably five of the projects were submitted on behalf of DUCs. The California Department of Public Health, the agency responsible for administering and allocating ARRA funds for drinking water projects, did not communicate with Fresno County as to why they did not receive funding (Fresno County Department of Public Works, personal communication, November 2011).

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16 http://www.recovery.gov/Transparency/Pages/DataExplorer.aspx?bk=ebfc97bf-1769-45c0-8d6d-5b7f690f1507&t=Q291bnRpZXMgYnkgRnVuZHMgQXdhcmRlZA==
17 http://www.recovery.gov/Transparency/Pages/DataExplorer.aspx?bk=ebfc97bf-1769-45c0-8d6d-5b7f690f1507&t=Q291bnRpZXMgYnkgRnVuZHMgQXdhcmRlZA==
Case Study: Lanare, Fresno County

Lanare is a Census Designated Place located in southwest Fresno County. It consists of approximately 600 residents and 147 homes. The community's residents are predominantly low to very low income, largely dependent on nearby agricultural employment.

The community receives water service from the local Lanare Community Services District (LCSD). The LCSD is also responsible for the operation and maintenance of a community center and park. The LCSD received 1.3 million dollars from Community Development Block Grants to construct an arsenic treatment plant. The plant was constructed and completed in 2007 but was in operation for only 6 months. The LCSD, and by extension the residents that it serves, could not afford to cover the costs of water treatment. The plant has remained shut down since 2007 and the community's drinking water continues to be contaminated with arsenic. Residents currently pay at least $54 per month plus bottled water for drinking and cooking. In addition, homes are dependent on dilapidated septic tanks for their wastewater needs. A large number of residents have complained of leaks, overflows, raw sewage on some properties, and the high cost of maintenance.

As a low income community, the LCSD cannot and does not have the resources to prepare engineering plans or have plans that are ready to proceed to construction stages. The community of Lanare is in need of funds to install meters on all customers to regulate the use of water, update and make capital improvements to its water distribution system (no capital improvements have been made since the early 1970s), and most importantly remove arsenic from the drinking water source by repairing the arsenic treatment facility or connecting to a nearby system.

The community of Lanare could have benefited from one time stimulus funding for capital improvement projects. Unfortunately the LCSD does not have the resources to pay an engineering firm to develop such plans or pay a grant writer to submit application for planning and design monies. The County of Fresno did not submit a grant application on behalf of Lanare or any of the other low income communities in Fresno represented by small, under resourced special districts nor did it invest resources to prepare the community for grant-readiness.

ARRA’s preference for quick start activities, coupled with the organization of local government, excluded Lanare, and other similar communities, from even applying to receive much needed funds.
Stanislaus County

Basic Demographics

Based on the 2010 U.S. Census, Stanislaus is a diverse county with a total population of 514,453. 70% of the population identified as biracial or multiracial. The racial breakdown of Stanislaus County per single race is: White- Non Latino 46.7%, Black or African American 2.5%, American Indian and Alaskan Native 0.6%, Asian 4.8%, and Hispanic or Latino 41.9%.

Stanislaus County consists of 9 incorporated cities and 13 Census Designated Places (CDP), of which 11 are considered disadvantaged communities, and a total of 34 unincorporated populated communities that have been identified through U.S. Census data and U.S. Geographic Name Information System.20

Municipalities and Communities in Stanislaus County, PolicyLink 2010.

20Municipalities and Communities in Fresno County. PolicyLink, 2009.
Water and Wastewater Investment in Stanislaus County

A total of six projects received funding for water or environmental related projects in Stanislaus County. Of the six projects, three Cities received funding to support and improve drinking water infrastructure and waste water systems. None of these projects were submitted on behalf of DUCs or benefited DUCs.

ARRA funds totaling $159,008,000 were awarded to the California Department of Public Health (CDPH) to capitalize its revolving loan fund and for financing construction of water facilities, green infrastructure, program administration and drinking water related activities.\(^ {21} \) Four sub awards totaling $5,040,545 were designated to three Cities within Stanislaus County: the City of Ceres; the City of Hughson; and the City of Modesto.\(^ {22} \) The City of Ceres received two awards for a total of $727,955 to address uranium and nitrate contamination.\(^ {23} \) The City of Hughson received a $3,165,760 grant to treat its high-arsenic well by constructing a coagulation/filtration treatment system to remove arsenic and provide its residents with safe potable water.\(^ {24} \) Finally, the City of Modesto received $1,146,830 to install blending treatment at two wells with cleaner water sources to correct high levels of uranium and nitrate.\(^ {25} \)

Notably, none of the cities that received ARRA funding for their water and wastewater based projects were communities classified as disadvantaged.\(^ {26} \)

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**Case Study Parklawn Neighborhood, Stanislaus County**

The community of Parklawn in Stanislaus County sits adjacent to the Cities of Modesto and Ceres. With a predominately Latino population of 81.4%, this highly dense community has 328 residential properties that are home to some 1,337 residents. The median household income in this area is $32,902, with an unemployment rate of 34.4%. While largely surrounded by the City of Modesto, Parklawn historically has been left out of the Modesto’s growth and development.

While the City of Modesto’s sewer treatment facility is located near the community and sewer mainlines run within a block of homes, Parklawn is not connected to the City’s public sewer system. Rather, sewage disposal is managed by individual septic tank systems that are failing or are otherwise inadequate. At times sewage seeps into backyards while residents dispose of gray water from washing machines and sinks directly into yards without any treatment, resulting in groundwater contamination, standing water and property damage. Furthermore septic systems in Parklawn, where lot size and soil composition is not conducive to septic tanks, are very costly to maintain.

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\(^ {21} \) http://www.recovery.gov/Transparency/RecipientReportedData/pages/RecipientProjectSummary508.aspx?AwardIdSur=11078&AwardType=Grants

\(^ {22} \) Id.

\(^ {23} \) http://www.cdph.ca.gov/services/funding2/Pages/ARRAprojects-Ceres005.aspx; http://www.cdph.ca.gov/services/funding2/Pages/ARRAprojects-Ceres002.aspx

\(^ {24} \) http://www.cdph.ca.gov/services/funding2/Pages/ARRAprojects-Hughson.aspx

\(^ {25} \) http://www.cdph.ca.gov/services/funding2/Pages/ARRAprojects-Modesto.aspx

\(^ {26} \) http://www.cdph.ca.gov/services/funding/Documents/ARRA/ARRAFundedProjects-10-08-2009.pdf
In 2004, Parklawn, along with 3 other similar communities, initiated litigation against the City of Modesto and Stanislaus County to seek remedies for discriminatory exclusion from basic services. Residents alleged that their neighborhoods were chronically underserved, emphasizing the lack of sidewalks, storm drains, curbs, gutters and sewer systems, and disparate law enforcement response. Seven years later, the plaintiff communities celebrated a large victory when they reached a settlement with the City and the County to address the ongoing infrastructure issues including sewer infrastructure. Despite this multi-year litigation, and landmark settlement, city and county agencies still claim that money is virtually unavailable.

ARRA funding could have funded Parklawn’s connection to the Modesto City public sewer system. However, even though the sewer connection line is located one street away from the boundary of the City of Modesto, neither the City nor the County even submitted an application on behalf of Parklawn because the project was not “shovel ready” a requirement of the ARRA funding guidelines.

Following ARRA, residents of Parklawn and the County collaborated to apply for funding for the Parklawn Sewer Project from a separate source of funds. While $298,830 for planning and environmental engineering studies to make the sewer project shovel ready has been allocated, the remaining dollars needed to complete the project remain difficult to secure.

Analysis

We identified four global trends and key findings from our research:

1) Creaming, or a preference for quick start activities and a capital-bias in project selection
2) Lack of information for locales and local community members
3) Little evidence of transparency

Beyond these global trends, despite the growing need for improved drinking water and wastewater infrastructure investments there were very few applications submitted specifically for these projects. Our analysis shows that while many entities would have significantly benefitted from ARRA funding, an overwhelming number of entities were completely unaware of ARRA funding or the process of requesting funds. Moreover, the few who were aware of ARRA funding did not have shovel ready projects making them ineligible for ARRA funds. Rather than provide much needed funding to entities, ARRA remained inaccessible to those who needed funds the most, including Disadvantaged Unincorporated Communities.

We also found that neither the California Recovery nor the Federal Recovery websites were user friendly and by extension did not meet the overarching goal of increasing the transparency and accountability of government spending for the general public. Finally,
in the Stanislaus and Fresno Counties, ARRA did not equate with job growth. We will now turn to a closer look of our four primary findings.

1) Preference for Quick Start Activities

A requirement of ARRA funding was that it be linked to shovel ready projects. Specifically, the Act required that 50% of the total funding allocation for a specific project be spent within 120 days of its enactment.27

In Fresno County, fourteen interviewees out of the 27 cities and special districts responded that they did not apply because they did not have a shovel ready project or the resources to pay for the preparation of plans for a project to be designed. Only three special districts that provide drinking water or wastewater services to unincorporated communities applied for funding for improvements to their infrastructure. In Stanislaus County, five interviewees reported not being eligible for funding because of this preference.

The preference for quick start activities significantly hindered the ability of small water or sewer system providers to submit projects that were eligible for funding. As previously mentioned, DUCs do not have the resources to pay for the planning and design of infrastructure. As a result, many communities were excluded from having access funds that would provide for the planning and design of desperately needed infrastructure. Thus, although agencies such as CDPH-SDWRSF correctly noted that disadvantaged communities would need additional subsidies to address ever increasing water costs and develop much needed infrastructure, the funding requirement to begin construction within a short period of time further contributed to the exclusion of low income residents from having access to the provision of basic municipal services.

2) General lack of Information

CRLA staff interviewed city, county and special district officials to determine whether or not the corresponding entity had submitted ARRA applications for drinking water and wastewater infrastructure and if not why not.

In Fresno County four of the community services districts interviewed thought that there was not enough public information to inform local agencies of the monies available and the application process. Additionally, out of the twelve special districts providing drinking water and/or wastewater service only three submitted competitive applications for ARRA funding. Four special districts reported not having knowledge of funds available or enough information to prepare an application.

An overwhelming number of special districts in Stanislaus County were completely unaware of ARRA funding and grant opportunities and resources available by the state revolving funds. Indeed, of the 11 special districts contacted, 3 reported not having knowledge of funds available through ARRA.

27 HR1 Section 1602 General Provisions.
Case Study: Drummond and Jensen, Fresno County

Drummond and Jensen is a 30 home community located in Fresno County and across the street from the City of Fresno. The community, home to moderate to low income residents, suffers from dilapidated and inadequate septic systems that contaminate the groundwater with nitrates and other contaminants and create significant public health risks. The City of Fresno’s sewer trunk lines run along some of the community’s streets yet no lateral lines are in place to connect homes to the sewer system.

Residents in the community have applied for funds for connection to the City of Fresno’s wastewater system from Fresno County’s entitlement Community Development Block Grant program. They submitted applications almost every year for 12 years and have been unsuccessful.

ARRA could have provided this community with the required funds to pay for the connection to the City’s wastewater system, but neither the City nor County applied for funds to do so.

After ARRA monies were disbursed, the community of Drummond and Jensen did secure money from other sources to conduct planning and design studies for connection to the City’s sewer system. That money has still not been disbursed, however, so planning has not begun and construction money has not yet been secured.

3) Transparency and Accountability

ARRA was to provide unprecedented access to government spending information to increase transparency and accountability to the general public. Until July 1, 2011, California Recovery website existed as the key source of information for ARRA data for California disbursements, funding, and statistics. The California Recovery website was difficult to navigate and only general information was available. For instance, information was available as to who the initial grantee is but there was very little, if not any, information on sub grantees, detailed information of the project itself, and the number of jobs created, if any. Since July 1, 2011, however, all recovery data is available on the Federal Recovery website. The Federal Recovery website includes significantly more information about the sub grantees, information about specific projects, and the number of jobs created. However, there is room for improvement. Regarding the number of jobs created, the Recovery website lists the title of the jobs created and number of jobs per city on a quarterly basis. More specific information regarding whether those jobs remain in place during subsequent quarters, and the title of the job by city is missing. Moreover, as mentioned above, the Recovery website does not provide any information about all submitted applications, including those rejected and if rejected on what basis.
Furthermore, while the Federal Recovery website provides significant online information, many of those in DUCs and other disadvantaged populations do not own computers and/or lack internet service to access the information.

Subsequent to the launch of the website in February 2009, a number of focus groups were gathered to provide feedback on the accessibility of Recovery data on the website. Of the 69 participants, 42 were Caucasian, 17 were Black/African American, 9 were Hispanic/Latino, and 1 was of Asian origin.

Given the lack of specific information on the Federal Recovery website about any funding in DUCs, much of our detailed data collection consisted of phone interviews and formal public records act requests (California's Freedom of Information Act counterpart). As discussed above, reporting websites are both difficult and time consuming to navigate and understand. The average resident would not be able to obtain information on ARRA spending without speaking to city or special district officials and in some case submit public records requests.

**Moving Forward**

In theory ARRA presented Fresno and Stanislaus counties with much needed and significant opportunities for economic growth and investment in its aging water and wastewater infrastructure. In practice, however, ARRA implementation worked against the needs of DUCs. Lack of awareness of ARRA on the part of most special districts and immediacy requirements became significant burdens for low-income communities to overcome to receive funding. The prohibition of funds for planning activities further disadvantaged local government from receiving funds. Despite its great intentions, ARRA's eligibility requirements became insurmountable obstacles for disadvantaged communities to overcome. In the wake of the current economic recession and minimal state and federal allocations for infrastructure investment, DUCs cannot afford to continue to be bypassed for infrastructure investment because of inherent inequitable barriers in our public investment decision making processes.

**Conclusion**

This paper does not provide an overarching assessment of ARRA's impact - short or long term - on the United States. It is simply a snapshot of two counties, both in desperate need of water and wastewater improvements in some of the neediest communities, and ARRA's failure to address those deficiencies. Based on our analysis, ARRA did not address the most dire drinking water and wastewater needs; it did not provide resources for technical assistance to communities and agencies without necessary expertise and information; and it did not allow flexibility to use funding for planning and design to prepare community systems for construction. Many other factors work together to exclude DUCs from funding programs and ARRA perpetuated this historical exclusion instead of alleviating it.