



Your federal stimulus funds at work in Ventura County

By [Kit Stolz](#) 11/25/2009

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If you ask county administrator Sue Hughes how much money from the massive economic recovery bill, passed in Washington in February of this year, is going to Ventura County, she will direct you to the county Web site, which lists the most recent total as \$48 million.

Ask the state of California, and it will tell you the total amount of federal funds being spent in Ventura County is \$74.7 million, about half of which they categorize as tax relief, including suspending taxes on the first \$2,400 of unemployment benefits and a first-time homebuyers tax credit of \$8,000, among numerous other tax cuts designated by Congress.

Ask the federal government how much money it is spending on Ventura County, on the other hand, and it will tell you on its site, [recovery.gov](#), that the total adds up to \$246 million. That figure is much higher than state and county figures because it includes both tax cuts and contracts administered within the county, even if the actual cash is spent elsewhere. A \$55 million contract to install new utility meters at military bases around the country is credited to Ventura County because the contract will be administered at the Navy base in Port Hueneme, even though most of the money will be spent elsewhere. That \$246 million also includes new money spent on school districts under long-standing entitlement programs such as Title 1, which provides low-income school districts with additional resources, such as reading specialists.

It's a dollar figure far larger than other estimates, including that of nonprofit, nonpartisan ProPublica reporting institute, which estimates the federal government has spent \$64 million in Ventura County.

Confused yet?

Officially, the American Recovery and Reinvestment Act will spend \$787 billion nationwide, but how much has been spent so far in Ventura County, for what, and what benefits have come to people who live in the county

is a guessing game — even for the experts who oversee the grants and loans from taxpayers.

Hughes, who was given the job of administering the loans and grants for the stimulus funds because she was already in charge of \$25 million in federal money being spent on wastewater treatment in the county, admits that the variety of funding numbers can be baffling.

"The numbers look screwy because a lot of these funds are going to existing programs," she said. "So is it new money coming to the county from Washington? Or are these funds providing a service by keeping people working, retaining jobs that might otherwise be lost?"

Big winners in Ventura County

Part of the confusion is traceable to the complicated way big public works projects are funded in this country.

In Piru, federal stimulus funds are helping to construct a new wastewater treatment plant, which will cost a total of about \$14 million. Reddy Pakala, the director of the Water and Sanitation Department for the county, explained that because state law requires Piru to upgrade its waste treatment facilities, his department has been planning the project and applying for money to construct it for years.

"We applied for a state loan prior to the economic stimulus," he said, "but when the state received economic stimulus money, that allowed us to move up the start date. And it's a very big deal for Piru, because it's a disadvantaged community; and without the stimulus funding residents would have had to pay \$90 a month or more to repay the loan to the state to build the plant."

Another wastewater project benefiting from federal stimulus funding is being constructed in the El Rio neighborhood near Oxnard, an unincorporated part of the county where residents depend on septic tanks. In 1999, officials learned that the shallow aquifer under Oxnard, on which 160,000 people depend for water, was being polluted by nitrates and pathogens from septic tanks serving the approximately 15,000 people in the El Rio neighborhood. A regional water board prohibited the septic tanks, and county officials asked Pakala and his staff to find an alternative. After considering construction of a separate new wastewater treatment plant, the department decided to tie all the residents into the existing Oxnard wastewater treatment plant. The total cost of the project, which has been under way since 2005, is \$35 million. The county was able to find grants to fund most of the cost of construction, but residents still must pay for the cost of treating the sewage at the plant.

Because federal stimulus funds contributed \$8 million new dollars in grants to the project, residents will have to pay off a smaller loan, and will pay \$37 a month, on average, instead of as much as \$64 a month. That fee to the property owner doesn't include the cost of building a lateral line from the property to the sewer line at the street, which averages about \$5,000.

"The stimulus funds directly benefit the residents of El Rio because it reduces their payments," said Pakala, "but the funding also benefits the county, because we need the clean water."

The Ventura County Watershed Protection District also got a boost from the stimulus act. A fish ladder on Sespe Creek near Santa Paula, washed away by the floods of 2005, will be rebuilt at a cost of \$7.5 million. Norma Komacho, who is in charge of managing the project, said that the project would have been built eventually, but not for "10 or 15 years." The contract for the construction went to a U.S. Army Corps of Engineers unit based in Los Angeles. This means that many of the jobs created will not go to residents of the county, but Komacho hopes to convince the Corps to use local contractors for sediment removal from the creek.

But the biggest winner in terms of federal dollars in Ventura County is transportation, which, according to Peter De Haan, programming director for the county's transportation commission, totaled about \$40 million in new money. This includes \$2.7 million for road repairs throughout the county, \$1.3 million for a bike path along Conejo Creek in Thousand Oaks, \$6.5 million for widening Highway 118, \$5 million for reworking the Rice Avenue exit on Highway 101, and \$6.5 million for reworking the Highway 23 and Highway 101 interchange.

Federal stimulus and jobs: How many for us?

According to recovery.gov, the site administered by the federal government, the stimulus act has "created or retained" 110,000 jobs in California alone. But unemployment nationwide is at a 25-year high, and by the end of the year a million jobs or more will have been lost in this recession in California, according to a report from the University of the Pacific.

By comparison, the jobs created by the stimulus funding in Ventura County look to be in the hundreds. Although contractors are required to report jobs created or retained by the stimulus bill, public officials admit that getting good estimates of jobs created or retained has not been easy, and the numbers don't look impressive.

"It's the hardest thing to track," said Hughes. "It's easier if you have a public works project, as we do out in Piru, where we have 25 to 30 people on the job daily. But those are the exceptions."

The stimulus bill did include an increase in funding for "one-time federal dollars to retain teachers," according to Dr. Jerry Dannenberg, superintendent of schools for the Port Hueneme school district. He estimates that he would have had to lay off an additional 32 out of about 400 teachers, had it not been for that funding, and he's concerned that he may still have to lay off more teachers next year without stimulus funding.

"Right now, we're able to keep class sizes in the primary grades at about 22 students to one teacher," he said. "If we have to lay off an additional 30 teachers throughout the district next year, that will increase class size to about 30-to-1. We're extremely concerned."

Can the government stimulus create lasting jobs?

Bill Watkins, an economist who leads the Center for Economic Research and Forecasting at California Lutheran University, argues that the "government stimulus can create jobs and boost the economy, but only when it funds projects that improve the productivity of private capital," and cites examples such as the Hoover Dam and the Panama Canal.

"The federal stimulus spending might sound like a big number, but it's a negligible part of the economy as a whole," he said. "Jump-starting projects such as wastewater treatment plants, which would have been built over time in any case, what you're really doing is borrowing from the future. It's not going to have a lasting impact."

Small business owners who did receive stimulus funds contracts might disagree. Alberto Luna, whose construction business in Ojai won a \$2.9 million contract for work rehabilitating an Army base in Irwindale, estimates that he and his subcontractors hired about 50 people for the job.

"If I hadn't got this contract, I would have had to let some people go," he said. "We're a small company, and we subcontract out a lot of the work. I know my subs were hurting — there's always a trickle-down effect."

Grace Pasky, who opened a new franchise in a nationwide chain of LaVida Massage centers in Thousand Oaks this year, said that the loan guarantee she received from the Small Business Administration helped her get the loan she needed to launch her business.

"We have 15 employees, they're all local, and a lot of them wouldn't be working at all if it hadn't been for that loan," she said. "If I didn't get that loan, I wouldn't have been able to start the business. I applied to 10 or 11 banks, and it wasn't easy. If I hadn't been in the health field, and if LaVida wasn't legitimate, I don't think I would have been able to get it."

The money for the loan came from the Montecito Bank and Trust, which is based in Santa Barbara and Ventura counties. Banker Sal Sandoval, who helped Pasky get her loan, and who manages the Westlake Branch, explained that the Obama administration has been actively encouraging the Small Business Administration to "get creative" — to spur lending by increasing the amount of loans it will guarantee to start-ups and other small businesses.

"I have seen an increase in those requests," he said. "Small Business Administration guarantees allow a lender to feel more sure about a loan. The SBA will now guarantee up to 90 percent for loans to qualified small business applicants. That can help a business grow, and the guarantees enhance opportunities for start-ups."

To economist Watkins, a big reason the economy remains in a slump is the lack of credit. Although one bank in Ventura County, Affinity Bank, failed this year and was taken over by the FDIC, Watkins nonetheless thinks that banks in Ventura County generally are in better shape than many other banks.

"I think banks in Ventura County are a little better off than most," he said. "I don't think the Affinity Bank failure was especially alarming — a lot of banks have been failing around the country. This is a serious downturn — we have to expect to see some failures on a local level."

Watkins thinks the economy will begin to turn around when more banks begin lending again, when businesses begin running at a higher percentage of capacity, and when home ownership begins to increase. But when asked to put the current numbers into a historical context, he stops speaking as an economist, and sounds much like a small business owner, or a worker out of a job.

"It's terrible!" he said. "Any time you have 10 percent or more unemployment, which is what we have today, the human cost is staggering. You've got people out of work, families falling apart, people losing their homes — it's not something you can easily measure with one number."

Not even a number as big as 87 billion.

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