

COUNTY OF EL DORADO

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SUZANNE ALLEN DE SANCHEZ
Clerk of the Board



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September 29, 2009

The Honorable Dave Cox
State Capitol, Room 2068
Sacramento, CA 95814

Dear Senator Cox:

We are writing to convey the urgent need for the State Senate to reconvene and support Senate Bill 67 no later than October 15.

Like other local governments struggling with the downturn in state and local revenue, El Dorado County has been confronted by difficult budgetary challenges. We have faced these challenges together and implemented the necessary reductions to maintain a balanced budget. For example, over the last year we have reduced our General Fund expenditures by approximately \$26 million and painfully eliminated over 200 positions from the County workforce. Even now we are preparing for further reductions likely necessary for the next fiscal year.

We continue to find it regrettable that the State of California can only balance its own budget by the taking of local government revenue needed to provide local services, even on a temporary basis. However, now that the State has suspended Proposition 1A and will borrow local property taxes, it is critical that we be afforded the opportunity to securitize the State's promised repayment in order to cover our losses.

El Dorado County is poised to participate in the Proposition 1A Securitization Program offered by the California Statewide Communities Development Authority (CSCDA). However, unless SB 67 is swiftly enacted, securitization cannot successfully proceed. In addition to the time required for county auditor's to prepare certified Proposition 1A suspension amounts, local governments must complete, agendize and adopt the relevant securitization documents. It is our understanding that the CSCDA financing team must also establish the size of the total bond issuance for pricing by November 9 in order for sale and closing to occur before the state closes its books for disclosure to the markets the week of November 30.

The impact to the El Dorado County General Fund as a result of the Proposition 1A suspension is approximately \$6.3 million. This does not include property tax reductions to other Board governed special districts. The State will begin shifting these property taxes from El Dorado

County and other local agencies on January 15, 2010. Such a considerable loss of local revenue will undoubtedly cause significant cash-flow problems and may lead to even further reductions in local services. The El Dorado County Board of Supervisors strongly encourages you to support SB 67 and help ensure its passage by October 15 in order to avoid further budgetary complications.

We appreciate your service to El Dorado County and look forward to your favorable consideration of SB 67.

Sincerely,

The El Dorado County Board of Supervisors

John Knight
District 1

Ray Nutting
District 2

Jack Sweeney
District 3

Ron Briggs
District 4

Norma Santiago
District 5

cc: The Honorable Arnold Schwarzenegger, Governor
The Honorable Darrell Steinberg, Senate President Pro Tem
The Honorable Dennis Hollingsworth, Senate Republican Leader
The Honorable Karen Bass, Speaker of the Assembly
The Honorable Sam Blakeslee, Assembly Republican Leader
The Honorable Ted Gaines, Fourth Assembly District