



The County of El Dorado

Chief Administrative Office

330 Fair Lane
Placerville, CA 95667-4197

Don Ashton, MPA
Chief Administrative Officer

Phone (530) 621-5530
Fax (530) 626-5730

July XX, 2020

Economic Development Administration
Jackson Federal Building
915 Second Avenue, Room 1890
Seattle, WA 98174-1012

RE: COMMITMENT LETTER REGARDING ECONOMIC DEVELOPMENT ADMINISTRATION
GRANT MATCH

Dear Grant Officer:

I am submitting this letter requesting approval to reduce the required grant match amount from 20% to as low as 10% for the following reasons:

- 1) In March 2019, the El Dorado County Board of Supervisors identified increased broadband to be one of its top strategic priorities, and determined to use surplus Transient Occupancy Tax (TOT) funding to cover the associated costs. Due to national travel restrictions as a result of the COVID-19 pandemic, the County is anticipating an approximate 25% reduction in TOT revenues, with the potential for much more significant reductions if COVID case numbers surge and additional travel restrictions are put in place.

At this time there is not enough information to estimate the impact the pandemic is having on sales tax revenues, but it is certain sales revenues have declined due to the closure of many businesses. Second, gasoline sales are the highest sales tax generator in El Dorado County and due to the stay at home orders gasoline sales have decreased significantly both locally and state wide.

Lastly, while not related to COVID, last year El Dorado County had to reduce its property tax growth from 5% to 4% due to declining revenues, resulting in the loss of approximately \$950,000/year.

As a result of these three funding streams being negatively impacted, El Dorado County does not have the flexibility to take full advantage of your grant opportunity even though it is widely recognized that one of the most significant challenges facing economic growth and development in El Dorado County is the lack of broadband access.

- 2) In November 2018 the Board of Supervisors placed Measure J on the ballot, asking the voters to increase TOT from 10%, which is one of the lowest percentages charged in California, to 12%.

This measure required 2/3 approval from all voters and was soundly defeated, with only 43% voting to support this tax increase. Also, over the past year voters in El Dorado County rejected tax increases to increase revenue for essential snow removal services, bonds to invest in critical infrastructure for our schools, as well as two separate measures to increase revenue for fire districts in El Dorado County. Based on this trend, the voters in El Dorado County simply are not interested in additional taxes, regardless of the reason.

- 3) In regards to borrowing money, pursuant to the California State Constitution (Article XVI, Section 18), the Board of Supervisors must obtain approval from the registered voters in El Dorado County prior to borrowing any money and incurring debt, making it impractical to obtain a loan for this purpose. In addition, due to the County owing the U.S. Department of Agriculture (USDA) \$2.3 million/year beginning in Fiscal Year 2021-22 for the lease of the newly constructed Public Safety Facility, increasing pension liabilities in California, which are outside the control of the Board of Supervisors, and revenue reductions due to the COVID pandemic, it is not feasible to ask the voters to approve additional debt at this time.

Thank you for consideration of this request, and if you have any questions or need additional information please contact Mollie Purcell in my office at 530-621-5106 or via email at mollie.purcell@edcgov.us.

Sincerely,

Don Ashton, MPA
Chief Administrative Officer

c. Board of Supervisors