

The Board of Supervisors

County Administration Building
651 Pine Street, Room 106
Martinez, California 94553

John Gioia, 1st District
Gayle B. Uilkema, 2nd District
Mary N. Piepho, 3rd District
Susan A. Bonilla, 4th District
Federal D. Glover, 5th District

Contra Costa County



David Twa
Clerk of the Board
and
County Administrator
(925) 335-1900

September 22, 2009

The Honorable Darrell Steinberg
Senate President Pro Tem
Room 205, State Capitol
Sacramento, California 95814

The Honorable Dennis Hollingsworth
Senate Republican Leader
Room 305, State Capitol
Sacramento, California 95814

Dear Senator Steinberg and Senator Hollingsworth:

On behalf of the Contra Costa County Board of Supervisors, I am writing to respectfully request that you take expedited action to reconvene the California State Senate immediately to approve two budget cleanup measures of critical importance to both local government agencies and the state. These measures were included among a number of urgency measures that were approved by the state Assembly, but they did not receive the required two-thirds vote in the Senate before recess early September 12, 2009.

The passage of SB 67 is of critical importance to local governments that desire to securitize the state's repayment obligation for the approximately \$1.9 billion in property taxes being borrowed by the state. This measure contains important changes to the language of AB X4 15 (Gaines) approved as part of the July budget agreement. These changes were deemed necessary by bond counsel and bond advisors for the transaction as well as the Department of Finance and the State Treasurer's Office. The bill represents a consensus effort agreed to by those agencies, our three associations, and legislative consultants from both parties.

SB 67 provides an accelerated schedule for the securitization of the Prop. 1A loan to occur no later than mid-November, ensuring that local agencies will receive this critical funding on exactly the same schedule as they would normally receive distributions of their property tax funds. Moreover, these same changes in SB 67 make it possible for the state to save an estimated \$200 million in interest costs because the bonds can then be issued on a tax-exempt basis. If SB 67 is not approved, we have been advised that this significant cost-saving advantage will most likely not apply to bonds issued next spring under AB X4 15 (Gaines) and local governments will suffer serious public safety and other service reductions as a result of a loss of their property tax funds.

September 22, 2009
Senator Steinberg and Senator Hollingsworth
Page 2

SB 65 is a state cash flow measure that allows the state to reduce its need for temporary borrowing through alterations to the schedule of existing deferrals to better match the state's needs for cash flow. This measure also includes helpful language on provisions related to gas tax revenues being deferred under existing law.

We urge you, as leaders of our state, to work together - and if necessary with the leadership of the State Assembly - to take immediate action to pass these measures that are so vital to providing local services and keeping our streets, our neighborhoods, and all Californians safe.

Sincerely,

A handwritten signature in blue ink that reads "Susan A. Bonilla". The signature is written in a cursive, flowing style.

SUSAN A. BONILLA
Chair, Board of Supervisors

cc: Senator Mark DeSaulnier
Senator Loni Hancock
Assembly Member Nancy Skinner
Assembly Member Joan Buchanan
Assembly Member Tom Torlakson
Members, Contra Costa Board of Supervisors
Cathy Christian, Nielsen Merksamer