



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** County Executive  
Office  
**Department No.:** 012  
**For Agenda Of:** October 13, 2009  
**Placement:** Departmental  
**Estimated Tme:** 1 Hour  
**Continued Item:** Yes  
**If Yes, date from:** September 15, 2009  
**Vote Required:** Majority

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**TO:** Board of Supervisors of the County of Santa Barbara; Board of Supervisors of Santa Barbara North County Lighting District; Board of Supervisors of Mission Canyon Lighting District; Board of Supervisors of County Service Area #3; Board of Supervisors of County Service Area #4; Board of Supervisors of County Service Area #5; Board of Supervisors of County Service Area #11; Board of Supervisors of County Service Area #31; Board of Directors of Santa Barbara County Flood Control and Water Conservation District; Board of Directors of Santa Barbara County Water Agency; and Board of Directors of Santa Barbara County Fire Protection District

**FROM:** Department Director(s): Michael E. Brown, County Executive Officer  
Contact Info: Jason Stilwell, Asst. County Executive Officer/Budget Director, 568-3413

**SUBJECT:** Joint Item: State Budget Impacts - Proposition 1A Suspension

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County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommendation:

Conduct a joint hearing as the Board of Supervisors of the County of Santa Barbara; Board of Supervisors of Santa Barbara North County Lighting District; Board of Supervisors of Mission Canyon Lighting District; Board of Supervisors of County Service Area #3; Board of Supervisors of County Service Area #4; Board of Supervisors of County Service Area #5; Board of Supervisors of County Service Area #11; Board of Supervisors of County Service Area #31; Board of Directors of Santa Barbara County Flood Control and Water Conservation District; Board of Directors of Santa Barbara County Water Agency; and Board of Directors of Santa Barbara County Fire Protection District and adopt the following recommendations:

- A. It is recommended that the Board of Supervisors of the County of Santa Barbara:
- i) Consider strategies to mitigate the impact of the Proposition 1A Suspension and select the State Finance Securitization option;
  - ii) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH);
  - iii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009; and
  - iv) Enact other solutions in addition to securitizing, including establishing greater efficiencies, enhancing revenues, and/or reducing service levels.
- B. It is recommended that the Board of Supervisors of Santa Barbara North County Lighting District:
- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and
  - ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.
- C. It is recommended that the Board of Supervisors of Mission Canyon Lighting District:
- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and
  - ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.
- D. It is recommended that the Board of Supervisors of County Service Area #3:
- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF

THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and

- ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.

E. It is recommended that the Board of Supervisors of County Service Area #4:

- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and

- ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.

F. It is recommended that the Board of Supervisors of County Service Area #5:

- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and

- ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.

G. It is recommended that the Board of Supervisors of County Service Area #11:

- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and

- ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.

H. It is recommended that the Board of Supervisors of County Service Area #31:

- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and

- ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.

I. It is recommended that the Board of Directors of Santa Barbara County Flood Control and Water Conservation District:

- i) Adopt the Resolutions (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH) for the following entities:
  - a. Santa Barbara County Flood Control and Water Conservation District
  - b. Santa Barbara County Flood Control and Water Conservation District - Guadalupe Flood Zone No. 3
  - c. Santa Barbara County Flood Control and Water Conservation District - Lompoc City Flood Zone No. 2
  - d. Santa Barbara County Flood Control and Water Conservation District - Lompoc Valley Flood Zone No. 2
  - e. Santa Barbara County Flood Control and Water Conservation District - Los Alamos Flood Zone No. 1
  - f. Santa Barbara County Flood Control and Water Conservation District - Orcutt Flood Zone No. 3
  - g. Santa Barbara County Flood Control and Water Conservation District - Santa Maria Flood Zone No. 3
  - h. Santa Barbara County Flood Control and Water Conservation District - Santa Maria River Levee Maintenance Zone
  - i. Santa Barbara County Flood Control and Water Conservation District - Santa Ynez Flood Zone No. 1
  - j. Santa Barbara County Flood Control and Water Conservation District - South Coast Flood Zone No. 2
- ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolutions and Purchase and Sale Agreements along with related legal documents to bond counsel by November 6, 2009.

J. It is recommended that the Board of Directors of Santa Barbara County Water Agency:

- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and

- ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.
- K. It is recommended that the Board of Directors of Santa Barbara County Fire Protection District:
- i) Adopt the Resolution (A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH); and
  - ii) Direct Authorized Officers and staff to execute and deliver the above-described Resolution and Purchase and Sale Agreement along with related legal documents to bond counsel by November 6, 2009.

**Summary Text:**

On February 20, 2009, the State adopted a 17-month budget that included \$36 billion in solutions to solve the budget deficit and required voter approval of certain budget referenda. However, the failure of the propositions to garner passage by the voters during the special election in May 2009 and the further decline in revenues resulted in an additional \$24 billion budget gap. On July 28, 2009, the State adopted amendments to the Fiscal Year 2009-10 Budget to address the ongoing budget shortfall exacerbated by the continued decline in revenues. The accumulation of \$60 billion in budget solutions adopted this year attempts to address the largest budget gap the state has ever faced.

However, one-third of the budget includes the use of local government monies (Proposition 1A and redevelopment agencies), one-time fixes (for example changing the payday of State employees from June 30 to July 1), and borrowing. Amendments to the State budget were necessary in light of the economic realities facing the State.

The impacts of the recently enacted amendments constrain Santa Barbara County's fiscal stability and ability to deliver services, largely based upon State funding reductions in the area of local government and health and human services. Most significantly, the State's budget includes borrowing \$1.9 billion from local governments through the suspension of Proposition 1A. The suspension allows the State to redirect local tax revenues to the Supplemental Revenue Augmentation Fund. In turn the State will transfer funds from this entity to schools thereby saving General Fund dollars that would have otherwise been paid to schools. The borrowing of Proposition 1A equates to a total loss of approximately \$16 million to the County in Fiscal Year 2009-10: \$13 million to the County's General Fund; \$2 million to the County Fire District; and about \$1 million to various dependent special districts, such as the flood zones that are managed by the County. Consequently, the County is faced with policy options of securitizing or borrowing funds to replace the Proposition 1A suspension and/or enacting funding reductions across County departments to temper the impacts of the State budget.

The County will also be impacted by significant funding reductions to categorical revenue. The State budget authorizes a \$1.7 billion takeaway of redevelopment funds from redevelopment agencies across California. The California Redevelopment Association estimates this will result in a loss of \$1.5 million from the Santa Barbara County Redevelopment Agency (RDA) in FY 2009-10, and \$300,000 in FY 2010-11. In addition, some of the largest reductions occur in health and human services. While the

specific fiscal and operational impacts to County departments and their clients are still being assessed, preliminary estimates for Public Health, Alcohol, Drug and Mental Health Services, and Social Services total more than \$4 million in reductions. Significant impacts occur in: Medi-Cal; CalWORKs; child welfare services; HIV/AIDS programs; Healthy Families; Proposition 36 Substance Abuse and Crime Prevention Act (SACPA) funding; and various mental health reductions.

Various borrowing options, both long term (1 - 3 years) and short term (1 year or within FY 2009-10), were discussed with the County's Debt Advisory Committee (DAC) on July 30, 2009; September 21, 2009; and October 5, 2009. In addition, on August 18, 2009, the Board received a report on amendments to the FY 2009-10 State budget that impact the County, including the State borrowing local government funds (Proposition 1A Suspension). At that time, the Board directed staff to analyze the State Finance Securitization option as well as borrowing from County internal service funds.

Staff recommends that the Board of Supervisors securitize \$16 million in financing in Fiscal Year 2009-10 and participate in the Proposition 1A Securitization Program through California Communities in order to mitigate the impacts of the Proposition 1A Suspension. This will enable the County to avoid having to reduce County expenditures by \$16 million due to the loss of property tax revenue. The securitization would provide the County 100% of the amount borrowed by the State, thus providing certainty of cash flow and removing the risk associated with default by the State. This option would also not infringe upon County fund balances to cover the State "borrowing," thereby enabling these resources to be available for future unknown impending financial challenges as well as those that are detailed in the FY 2009-10 Fiscal Issues Report.

Furthermore, there is always the possibility that the Legislature may not enact the Proposition 1A clean-up legislation by mid-October, which could forestall or nullify the Securitization Program.

As a result, the County would have to utilize existing resources and borrow from the Strategic Reserve or Internal Service Funds. This situation again demonstrates the fragility of Santa Barbara County. For this reason, we again recommend certain budget reductions that were presented to the Board on August 18, 2009 and included here as Attachment (C).

Staff recommends that the Board of Supervisors enact certain budget reductions, including \$4.6 million in GFC reductions in Fiscal Year 2009-10. These reductions will not only provide the necessary funding needed to deal with other pending County issues as outlined in the FY 2009-10 Fiscal Issues Report, but also will provide funding should the Legislature not enact the necessary Proposition 1A "clean-up" legislation by mid-October 2009. Additional budget reductions will be required in FY 2010-11, if not sooner, and incrementally reducing the budget at this time will lessen the significance of future budget reductions.

### **Background:**

#### **Proposition 1A Securitization**

Proposition 1A was passed by California voters in 2004 to ensure local property tax and sales tax revenues remain with local governments, thereby safeguarding funding for public safety, health, libraries, parks, and other local services. Provisions can only be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature concur.

The emergency suspension of Proposition 1A was passed by the Legislature and signed by the Governor as ABX4 14 and ABX4 15 as part of the FY 2009-10 budget package on July 28, 2009. Under the provision, the State will borrow 8% of the amount of property tax revenue apportioned to cities, counties and special districts. Proposition 1A allows the State to “borrow” approximately \$16 million of County local discretionary property taxes. It also stipulates that the State has a constitutionally required repayment obligation by June 30, 2013, with interest. According to the legislation, these payments by the State shall take priority over all other obligations of the State, except payments to schools under Article XVI of the California Constitution and debt service on general obligation bonds. If the State has not fully reimbursed any local agency for its revenue reduction by June 30, 2013, any local agency may seek a writ of mandamus to compel the Controller to fully pay the amounts the State is obligated to pay.

Proposition 1A also authorizes the County and other local agencies to securitize the receivable resulting from their loans to the State through a Joint Powers Authority (JPA), California Statewide Communities Development Authority (California Communities). A securitization occurs when an entity sells a repayment commitment (receivable) to an investor who will receive the payments from the point of sale. Accordingly, the JPA will sell bonds to investors secured by the State’s repayment obligation and the proceeds will be used to make an upfront payment to local agencies. California Communities is a JPA sponsored by the California State Association of Counties and the League of California Cities. The member agencies of California Communities include approximately 230 cities and 54 counties throughout California.

Upon delivery of the Proposition 1A Bonds, California Communities will make available to the County its fixed purchase price, which will equal 100% of the County’s Proposition 1A Receivable. These funds may be used for any lawful purpose of the County and are not restricted by the program. The County’s sale of its Proposition 1A Receivable will be irrevocable and bondholders will have no recourse to the County if the State does not make the Proposition 1A Repayment. Further, all transaction costs of issuance and interest will be paid by the State of California and participating local agencies will have no obligation on the bonds and no credit exposure to the State. This process would conceivably allow the County to receive funds, coinciding with the State property tax transfers on January 15, 2010, and May 3, 2010, instead of waiting for the State’s repayment in 3 years.

However, during the July budget process, the Legislature did not provide a statutory framework for the tax-exempt bond financing to occur in November 2009. For that reason, a “clean-up” measure addressing the Proposition 1A suspension was crafted as SB 67. SB 67 provides for a few critical changes to the already enacted legislation, including but not limited to providing for: financing to occur no later than mid-November 2009, thus 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; county auditor certification of the amount of the Proposition 1A receivable; tax-exempt structure; California Communities as the only issuer; more flexibility on bond structure (interest payments, state payment date and redemption features); sales among local agencies; and revision to the hardship mechanism. 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.

The Legislature reconvened August 17, 2009 and failed to pass SB 67 prior to adjournment of the Senate on September 11, 2009. If SB 67 is not approved by October 15, 2009, this significant cost-saving advantage will most likely not apply to bonds issued next spring under ABX4 15, and local governments will suffer serious public safety, health and human services, and other service reductions as a result of a loss of their property tax funds. Even so, California Communities is currently accepting applications for

preliminary enrollment in the securitization program so that the financing can be completed in a timely fashion assuming that the legislation will be enacted when the Senate returns. As of this writing, it is expected that the Legislature will reconvene the week of October 12, 2009, to complete work on this and other outstanding legislation; however, it is unknown whether there is a willingness among Senate leadership to resolve their differences in this session.

If for any reason SB 67 is not enacted and the bonds cannot be sold by December 31, 2009, all approved documents placed in escrow with transaction counsel will be of no force and effect and will be destroyed.

Should the County choose to participate in Proposition 1A Securitization, the Board is required to adopt a resolution that authorizes the sale of Proposition 1A receivables to California Communities. The wording of the resolution is determined by California Communities and local agencies choosing to adopt the resolution must do so without changes to the language; California Communities needs the authorizing language to be identical for all participating local agencies. All applications to participate in the Proposition 1A Securitization Program must be submitted by November 6, 2009.

#### Benefits of Participation in the Proposition 1A Securitization Program

The benefits to the County of participation in the Proposition 1A Securitization Program include:

- Immediate cash relief. Mitigates impact of 8% property tax expropriation in January and May. The sale of the County's Proposition 1A Receivable will provide the County with 100% of its Proposition 1A Receivable in two equal installments on January 15, 2010 and May 3, 2010. The financing outlines bond proceeds to be distributed to coincide with the dates that the State will be shifting property tax from local agencies.
- All costs of financing borne by the State of California. The County will not have to pay any interest cost or costs of issuance in connection with its participation.
- No obligation on bonds. The County has no obligation with respect to the payment of the bonds, nor any reporting, disclosure or other compliance obligations associated with the bonds. The issuance has no reflection or impact on the County's credit worthiness.

#### Proposed Proposition 1A Receivables Sale Resolutions:

The proposed Proposition 1A Receivables Sales Resolutions include the following:

- Authorizes the sale of the County's Proposition 1A Receivable to California Communities for 100% of its receivable;
- Approves the form, and directs the execution and delivery, of the Purchase and Sale Agreement with California Communities and related documents;
- Authorizes and directs any Authorized Officer to send, or to cause to be sent, an irrevocable written instruction required by statute to the State Controller notifying the State of the sale of the Proposition 1A Receivable and instructing the disbursement of the Proposition 1A Receivable to the Proposition 1A Bond Trustee;



- Appoints certain County officers and officials as Authorized Officers for purposes of signing documents (County Executive Officer, Treasurer-Tax Collector, and Chair of the Board of Supervisors); and
- Authorizes miscellaneous related actions and makes certain ratifications, findings and determinations required by law.

Proposed Proposition 1A Purchase and Sale Agreements:

The proposed Proposition 1A Purchase and Sale Agreements include the following:

- Provides for the sale of the Proposition 1A Receivable to California Communities;
- Contains representations and warranties of the County to assure California Communities that the Proposition 1A Receivable has not been previously sold, is not encumbered, that no litigation or other actions is pending or threatened to disrupt the transaction and the this is an arm's length "true sale" of the Proposition 1A Receivable; and
- Provides mechanics for payment of the Purchase Price and contains other miscellaneous provisions.

Proposed Proposition 1A Purchase and Sale Agreement Attachments:

The proposed Proposition 1A Purchase and Sale Agreement Attachments include the following:

- (B1) Opinion of Counsel: This is an opinion of the counsel to the local agency (which may be an in-house counsel or an outside counsel) covering basic approval of the documents, litigation, and enforceability of the document against the Seller. It will be dated as of the Pricing Date of the bonds (currently expected to be November 10, 2009).
- (B2) Bringdown Opinion: This simply "brings down" the opinions to the closing date (currently expected to be November 19, 2009).
- (C1) Certificate of the Clerk of the Local Agency: A certificate of the Clerk confirming that the resolution was duly adopted and is in full force and effect.
- (C2) Seller Certificate: A certification of the Seller dated as of the Pricing Date confirming that the representations and warranties of the Seller are true as of the Pricing Date, confirming authority to sign, confirming due approval of the resolution and providing payment instructions.
- (C3) Bill of Sale and Bringdown Certificate: Certificate that brings the certifications of C2 down to the Closing Date and confirms the sale of the Proposition 1A Receivable as of the Closing Date.
- (D) Irrevocable Instructions to the Controller: Required in order to let the State Controller know that the Proposition 1A Receivable has been sold and directing the State to make payment of the receivable to the Trustee on behalf of the Purchaser.

- (E) Escrow Instruction Letter: Instructs Transaction Counsel (Orrick) to hold all documents in escrow until closing, and if closing does not occur by December 31, 2009 for any reason, to destroy all documents.

### Internal Service Funds

Internal Service Funds (ISFs) are used to account for financing goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis.

For the County and other local agencies that do not sell all of their Proposition 1A receivables to California Communities, the State must fully reimburse the County, no later than June 30, 2013, the unpaid principal amount of the revenue reduction incurred by each local agency, less the amount of the revenue reduction that is attributable to Proposition 1A receivables sold to the authority, plus interest. The legislation provided for the California Department of Finance to set an interest rate up to 6%; the rate was set at 2% on September 25, 2009 for the three-year period. The difference in earnings that the County could make between the State borrowing rate and the Treasury pool yield would seem to be insufficient or non-existent to recommend borrowing from the ISFs.

Borrowing from a County ISF is a possibility should the Legislature not pass the Proposition 1A Securitization clean-up legislation. The ISFs must earn the same rate of return on this investment as they would otherwise; however, if the pool rate is higher than 2%, the County could experience negative amortization.

### **Fiscal and Facilities Impacts:**

The State borrowing of Proposition 1A equates to a total loss of approximately \$16 million to the County in Fiscal Year 2009-10: \$13 million to the County's General Fund; \$2 million to the County Fire District; and about \$1 million to various dependent special districts. Failure to obtain replacement funding will result in severe service reductions.

### **Special Instructions:**

Please forward one of each dated Resolution, with original signatures, to the Santa Barbara County Treasurer – Tax Collector, Attention: Stacey Matson.

### **Attachments:**

(A) A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH:

1. County of Santa Barbara
2. County Service Area #3
3. County Service Area #4
4. County Service Area #5

5. County Service Area #11
6. County Service Area #31
7. Santa Barbara County Flood Control and Water Conservation District, and:
  - a) Santa Barbara County Flood Control and Water Conservation District - Guadalupe Flood Zone No. 3
  - b) Santa Barbara County Flood Control and Water Conservation District - Lompoc City Flood Zone No. 2
  - c) Santa Barbara County Flood Control and Water Conservation District - Lompoc Valley Flood Zone No. 2
  - d) Santa Barbara County Flood Control and Water Conservation District - Los Alamos Flood Zone No. 1
  - e) Santa Barbara County Flood Control and Water Conservation District - Orcutt Flood Zone No. 3
  - f) Santa Barbara County Flood Control and Water Conservation District - Santa Maria Flood Zone No. 3
  - g) Santa Barbara County Flood Control and Water Conservation District - Santa Maria River Levee Maintenance Zone
  - h) Santa Barbara County Flood Control and Water Conservation District - Santa Ynez Flood Zone No. 1
  - i) Santa Barbara County Flood Control and Water Conservation District - South Coast Flood Zone No. 2
8. Santa Barbara County Water Agency
9. Santa Barbara North County Lighting District
10. Mission Canyon Lighting District
11. Santa Barbara County Fire Protection District

(B) Purchase and Sale Agreements and related documents for each entity listed above

(C) CEO Report "FY 2009-10 State Budget Impacts and Solution Strategies"

(D) Estimates of FY 2009-10 property tax reductions due to State borrowing

**Authored by:**

Kimbra Caywood McCarthy, CEO Fiscal and Policy Analyst (568-3261)

**cc:**

Department Directors

CEO Budget and Research