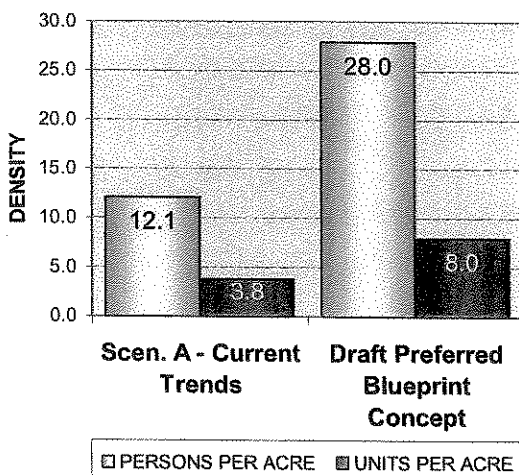


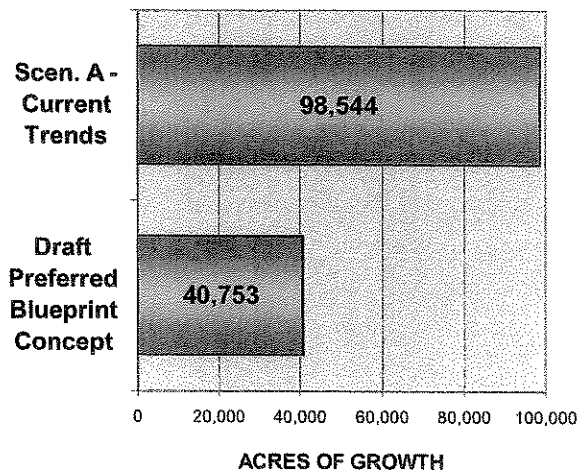
DRAFT SCENARIO DESCRIPTIONS AND PERFORMANCE MEASURES

Descriptions	Scenario A Current Trends	Draft Fresno COG's Preferred Blueprint Concept
GROWTH AREAS	Countywide	Countywide, parameters in model
SPHERE DEVELOPMENT	Sphere expansion allowed Some expansion occurs	Sphere expansion allowed
AGRICULTURAL LAND PROTECTION	Same as now	Some protection
ENVIRONMENTAL LAND PROTECTION	Same as now	Some protection
POPULATION (SAME FOR BOTH)	1,928,400	1,928,400
EMPLOYMENT (SAME FOR BOTH)	758,400	758,400
DENSITY OF GROWTH	3.8 units per acre	8.0 units per acre
REDEVELOPMENT	250 units per year	983 units per year

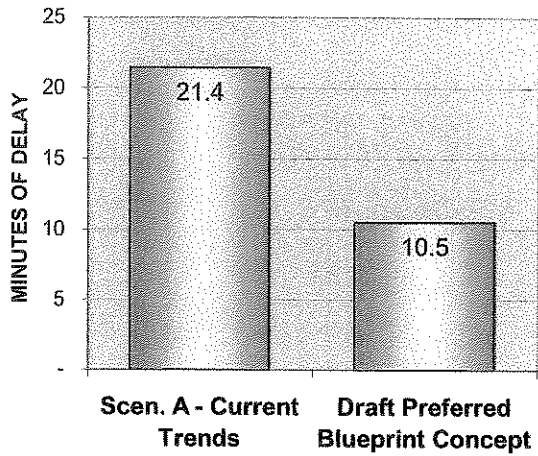
**AVERAGE DENSITY
OF NEW DEVELOPMENT**



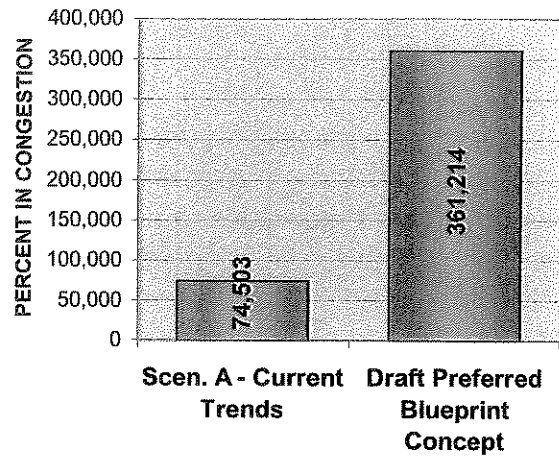
GROWTH OF URBAN AREA



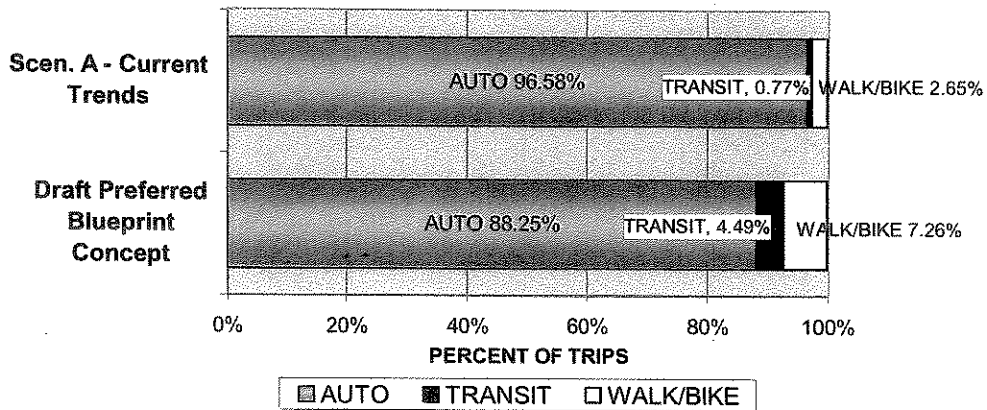
**MINUTES OF DELAY
PER HOUSEHOLD PER DAY**



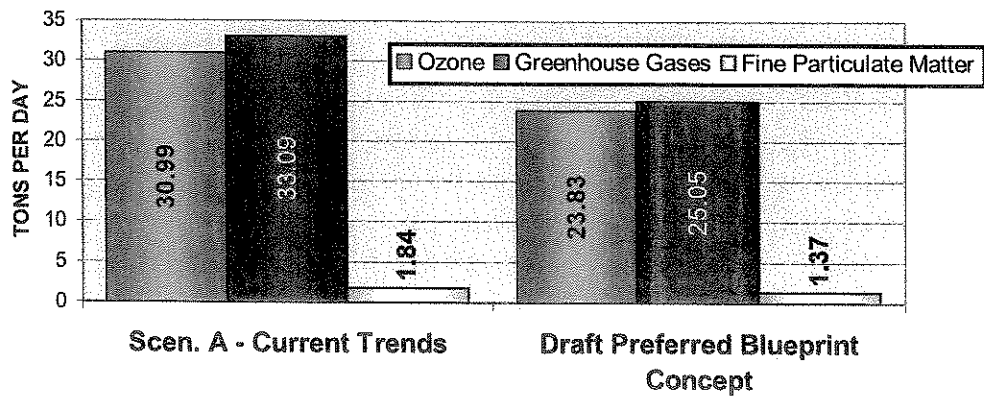
TOTAL DAILY TRANSIT TRIPS



**AUTO, TRANSIT AND WALK/BIKE TRIPS
AS PERCENTAGE OF TOTAL TRIPS**



TONS PER DAY FROM ON-ROAD MOBILE EXHAUST



Opinion

THE FRESNO BEE FOUNDED IN 1922 BY CARLOS K. MCCLATCHY

OUR VIEWS

Smarter growth is a must for Valley's future

Greater population densities will require growing up instead of out.

Fresno County leaders have a chance today to redirect the course of growth in the region, ending the long-time practice of sprawling ever outward from existing cities and concentrating new development in denser clusters. The effect would be a cleaner environment, better opportunities for mass transit and more livable and vibrant communities.

The vision is contained in the Fresno County portion of the eight-county San Joaquin Valley Blueprint. The Council of Fresno County Governments, consisting of mayors of the county's 15 cities and representatives from the county Board of Supervisors, must approve the plan, which will later be incorporated in a Valley-wide proposal.

The key to the future of growth is greater densities. The plan being considered today would put twice as many homes on the same acreage

as is common now. That's a big change, and one that many think won't go over well with the public.

But if we are to sustain viable agriculture in the Valley and preserve open space for habitat and recreation, we must start growing up instead of out. Denser residential and commercial development also reduces the need for long commutes and other vehicle trips, which in turn, reduces our dependence on increasingly expensive oil and helps us meet the goals of cleaner air.

Much of the work must be done in existing urban areas, where redevelopment offers a chance to resurrect blighted areas, turning them into attractive neighborhoods. That also reduces the pressure to grow outward.

Greater densities also make mass transit — including the proposed high-speed rail system — more economically sound. And if done right, denser urban environments make for more interesting, lively and entertaining communities.

The transition won't be easy. Few things are held more sacred in this country — and especially in California — than the single-family suburban home on its expansive lot. And that won't disappear.

But the future will make that dream increasingly expensive, both in terms of dollars and in the cost to the environment, agriculture and the quality of life we enjoy.

The fact is that as many as 7 million new residents will be living in the Valley by 2050, and they can't be accommodated under current growth patterns without turning the entire Valley into one seamless stretch of strip malls, cookie-cutter residential developments and bleak vistas. Think "San Fernando Valley," and ask yourself if that's your idea of living.

If it's not, then we have to get used to a new way of planning and growing. The Blueprint process is a good start.

► Tell us what you think. Comment on this editorial by going to <http://www.fresnobee.com/opinion>, then click on the editorial.

B. Request by the Fresno County Board of Supervisors for Fresno COG to Consider Accepting Administrative Responsibilities for the Airport Land Use Commission

Tony Boren (COG) presented this item. On March 25, 2008 the Fresno County Board of Supervisors unanimously endorsed a request that Fresno COG accept administrative and staffing responsibilities for the Fresno County Airport Land Use Commission (ALUC). The ALUC is a statutorily defined body that advises the cities and the County on compatible land uses in the vicinity of the nine public airports in Fresno County.

At the present time, three Councils of Governments in California, the Association of Monterey Bay Area Governments, the Sacramento Area Council of Governments and the Santa Barbara County Association of Governments, administer Airport Land Use Commission functions. In addition, there are two counties within the state (San Diego and Kern) that address airport land use issues through administrative bodies other than the County land use agency. COG staff is currently in discussions with the above listed COGs to identify the funding sources that each of them use to staff their respective ALUCs.

State Statute, Public Utilities Code 21670 requires the ALUC be made up of seven commissioners consisting of two city representatives, appointed by a city selection committee; two County representatives, appointed by the Board of Supervisors; two aviation experts, appointed by a selection committee comprised of the managers of the public use airports; and one representative of the general public appointed by the other six members of the Commission. Current membership would not change with approval of the recommended action. The formal transfer of administrative responsibilities for the ALUC from Fresno County to the COG would be accomplished by the creation and execution of a Memorandum of Understanding (MOU) detailing the responsibilities and obligations of each party. The MOU would be brought back through the COG Policy Board prior to enactment.

A Policy Advisory Committee member asked if the County would supply funding to the COG for the effort – the response was no. Mr. Boren mentioned Measure C planning funds were currently proposed for this task, which also raised a concern at PAC. Mr. Boren's research with other COGs revealed their use of federal planning funds for the effort. A trial period was suggested for this effort.

After an expressed opportunity for public comment, a motion was made by Mayor Pro Tem Lujan (Selma) and seconded by Mayor Montelongo (Sanger) to support the transfer of administrative/staffing responsibilities for the Airport Land Use Commission from the County of Fresno to Fresno COG, with PL funds to be used, and that there be a review after a 12-month trial period. A vote was called for and the motion carried.

C. FY 2007/08 Overall Work Program and Budget Amendment # 2

WE 910 - Video Conferencing

Tom Webster (COG) presented this item. Staff has been working with the Valley COGs to develop valley-wide Video Conferencing capabilities. A \$10,000 grant from Valley Clean Air Now (CAN) has already been secured, a \$32,000 Grant from the Air District's REMOVE program is being pursued, and \$88,000 in local funding is programmed in the 2008/09 OWP currently under review. As a condition of the Air District Grant, all the Valley agencies have agreed to acquire their own equipment and participate. Two of them, San Joaquin and Merced already have their equipment in place.

Staff is presently looking at proposals from KerTel, Solutionz, and Communications, Sound and Video. In addition to the cameras and equipment that each agency will need to acquire, specific equipment and bandwidth is required to host the system. We are the logical candidate to acquire the hosting equipment as we recently acquired the bandwidth required to provide such a service.

The proposal has developed to the point that we are now amending the 2007/08 budget to bring forward the funding to have the capabilities to implement the program as soon as the Air District grant is approved and signed agreements are in place with the cooperating Valley agencies.

Mayor Pro Tem Lujan (Selma) questioned why we could not use the video conferencing system that the San Joaquin Valley Air Pollution Control District has in place. Barbara Goodwin (COG) responded that their system is just too busy to access and is not available when we need it. Tom Webster (COG) further explained that our system will be industry standard and we will host it locally and make it available to as many partners as possible.

WE 820 - SR 99 Economic Study

Item IV.K SR99 Economic Study, approved by the board on this agenda, incorporates \$115,000 in State PTA funds into this budget amendment, and authorizes staff to execute a Fund Transfer Agreement with Caltrans.

After an expressed opportunity for public comment, a motion was made by Mayor Montelongo (Sanger) and seconded by Councilmember Aguayo (Fowler) to authorize the 2007/08 Overall Work Program and Budget Amendment # 2- \$130,000 for Video Conferencing equipment and \$115,000 for SR99 Economic Study. A vote was called for and the motion carried.

D. San Joaquin Valley Blueprint – Monthly Update

This item was considered earlier in the meeting, however, Barbara Steck (COG) thanked Caltrans for funding the Blueprint and gave a special thank you to Councilmember Aguayo (Fowler) for attending so many of the Blueprint meetings held in the various communities.

VIII. OTHER BUSINESS

A. Items from Staff

There were no additional items from staff.

B. Items from Members

Mayor Lopez (Orange Cove) thanked Councilmember Brockett (Reedley) for getting buses to go to Sacramento to take students for the meeting with the Governor regarding water issues on April 22-23, 2008. The Governor was pleased with the response from Fresno County.

Councilmember Aguayo (Fowler) invited everyone to the Valley Blueprint Executive Forum on April 25 from 10 a.m. to 2:30 p.m. at Grand Occasions in Fresno.

The Board was adjourned to closed session.

IX. CLOSED SESSION

A. Government Code Section 54957 Public Employment – Title: Executive Director

The Board reconvened to Open Session

X. OPEN SESSION

It was announced by Chairman Rodriguez that the Board had taken a unanimous vote to appoint Tony Boren as the new Executive Director, effective June 2, 2008. The salary and contract will be negotiated and brought back in May.

Adjournment

Council of Fresno County Governments - Local Procurement Policy

I. PURPOSE:

The following policy is set forth to establish standards and policies for the selection of contractors and consultants for services as may be needed by the Council of Fresno County Governments. Such services may be needed by the Council of Fresno County Governments to assist in the administration or the development of programs within its jurisdiction.

II OBJECTIVE:

The objective of this policy is to establish procedures and guidelines in the selection process that are both legally grounded and will permit the Council of Fresno County Governments to obtain the most highly qualified and competent contractors and consultants at the most cost effective ratio.

Contractors and consultants must be selected on the basis of experience, ability to perform the given task effectively and timely. Criteria for best meeting the needs of the Council of Fresno County Governments as well as the stakeholders it represents, are specified in the Selection Criteria Scoring Sheet.

III CRITERIA:

Criteria for selecting contractors and consultants as specified in the Selection Scoring Criteria are based in general on the following items which are provided to give a deeper understanding of the Selection Scoring Criteria itself.

1. Education and background of the consultant.
2. Proven or demonstrated experience of the consultant including experience relevant to the proposed scope of work.
3. Understanding of the project and the specific local conditions where applicable.
4. Past performance on previous work.
5. Adequate staff to perform the work within the time allowed.
6. Approach proposed for completion of the work.
7. Ability of the consultant to communicate simple or complex information clearly and effectively to intended audiences.
8. Ability of the consultant to make effective public presentations and submit clear effective reports
9. Ability of the consultant to work effectively and efficaciously with all stakeholders involved in the project including Council of Fresno County Governments staff.
10. Demonstrated interest and enthusiasm of the consultant in the success of the project.
11. Whether the consultant is currently engaged in another project which has a direct and substantial relationship to the proposed project i.e. a conflict of

Council of Fresno County Governments - Local Procurement Policy

interest, or, one that will impact the consultant's ability to perform effectively.

12. Where applicable, whether the consultant has a local office or employs local subcontractors in the execution of the contract.

IV. CONTRACTING with DISADVANTAGED BUSINESS FIRMS

In accordance with National Policy to award fair share contracts to disadvantaged Business Enterprises (DBA), the Council of Fresno County Governments adopts an annual goal for DBA Contracting. Affirmative steps to accomplish this goal shall include:

1. Inclusion of qualified DBA on solicitation lists.
2. Soliciting DBAs whenever they are a potential source.
3. When economically feasible, dividing total bid requirements into smaller task or quantities, or altering delivery schedules so as to permit maximum DBA participation.
4. Using the services and assistance of the Small Business Administration, the Office of Minority Business Enterprise of the Department of Commerce, the National Economic Administration, and the Equal Employment Opportunities Commission as required.
5. If subcontractors are to be used, requiring the prime contractor to take the above affirmative steps (1 through 4).

V. PREFERENCE FOR LOCAL FIRMS:

In the procurement of independent contractors and/or consultants to perform services for the Council of Fresno County Governments, local firms shall be given a preference in the selection process as follows: In a 100 point scoring system, 5 additional points shall be awarded if at least 50% of the dollar value of services to be rendered will be performed by a local firm or local subcontractor so long as the work is conducted by employees at a local office. A local office is defined as one located within the jurisdictional boundaries of Fresno County.

Contracts for services must be funded 100% with local dollars to be eligible for local preference. Any amount of state or federal funding makes them ineligible for the preference points. In addition, "Architectural & Engineering" services are categorically excluded from local preference points and cost of service must not be a criterion in the selection of their services.

VI. CONTRACTING USING STATE OR FEDERAL FUNDS:

As stated above in section V., all contracts under which all, or a portion of the contract is funded with State or Federal are ineligible for local preference.

Council of Fresno County Governments - Local Procurement Policy

For Federal funds, this is in compliance with the Federal Standards of Attachment O, OMB Circular No. A-102. Indirect Costs and Capital Expenditure shall be amortized and included in the Council of Fresno County Governments' cost allocation plan in accordance with OMB Circular A-87. All bid Invitations or Contracts that the COFCG enters into in the course of procuring goods and services with Federal Funds shall comply with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d-4. Bid Invitations and Contracts will carry the specific notifications and clauses pursuant to Title VI as agreed to with the U.S. Department of Transportation.

For contracts funded partially or in full with stat funds, COFCG shall comply with the State Standard set forth in the State of California, Department of Transportation, Local Assistance Procedures Manual, Section 10, governing contract procurement using State Funds.

VII. CONFLICT OF INTEREST:

No employee, officer, or agent of COFCG shall participate in the award of a contract or purchase of goods or services that result in a conflict of interest. Such a conflict of interest would arise when:

The employee, officer or agent, any member of his or her family, business partner, or any organization which employs any of the above has a financial or other interest in the award.

VIII. METHOD OF PROCUREMENT:

Procurement for goods and services shall be made by one of the following methods, as described herein:

- a. **Small Purchase Procedures** shall apply to individual procurement of goods and services in the aggregate of not more than \$10,000 each. Authority for small purchases derives from the COFCG line item budget which is approved by the COFCG board. The COFCG Executive Director has the discretion to encumber expense or direct the appropriate staff to encumber expenses up to the amounts approved in the COFCG line item budget in the fulfillment of the objectives as detailed in the COFCG Overall Work Program (OWP). In the course of making small procurements the COFCG Executive Director may direct responsible staff to do informal surveys of the local firms and vendors and prices on various goods and services in the interest of obtaining the best value.

Council of Fresno County Governments - Local Procurement Policy

- b. **Competitive Sealed Bids Procedures (formal advertising)** shall apply when the procurement of goods and services in the aggregate is greater than \$10,000 and:

1. The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can appropriately be made principally on the basis of price.
2. There is sufficient time prior to the date set for the opening of the bid solicitation/award process.
3. A complete, adequate and realistic specification or purchase description can be determined.

Furthermore, the competitive sealed bid process shall consist of publicly soliciting sealed bids for an item or list of items that conform to a specific technical specification list. All bids shall be opened publicly at the time and place stated in the invitation for bids. A firm fixed-price contract (lump sum or unit price) shall be awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. Any or all bids may be rejected when there are sound documented business reasons in the best interest of the program.

- a. **Competitive Negotiation Procedures** shall apply when the procurement of goods and services in the aggregate of is more than \$10,000 and:
1. The conditions of the procurement does not lend itself to a sealed bid process.
 2. There is sufficient time to accomplish the negotiation process.

The competitive negotiation process shall consist of publicly soliciting bids through a Request for Proposal. Proposals shall be solicited from an adequate number of qualified sources to permit reasonable competition consistent with the nature and requirements of the procurement. The Request for Proposal shall be publicized and reasonable requests by other sources to compete shall be honored to the maximum extent practicable. The Request for Proposal shall identify all significant evaluation factors and provide a mechanism for technical evaluation of the proposals through written or oral discussions with the respondents. Award will be made to the responsible offeror whose proposal will be most advantageous to the procuring party, price and other factors considered.

Council of Fresno County Governments - Local Procurement Policy

b. Noncompetitive Negotiation Procedures shall apply when the cost of goods and services in the aggregate of is more than \$10,000 and:

1. After solicitation of a number of sources, competition is determined to be inadequate;
2. The item is available from only a single source;
3. If dealing with Federal Grants, the Grantor Agency authorizes a noncompetitive negotiation; or
4. Public exigency or emergency exist when the urgency for the requirement will not permit a delay incident to competitive solicitation.

In noncompetitive negotiation the procurement is negotiated from only one source. Procurements that exceed the \$10,000 limit but do not meet the stipulations of Competitive Sealed Bid or Competitive Negotiation usually fall in this category. Another form of noncompetitive negotiation may occur when the Purchaser hires a third party, who is regarded as an expert in the field, to act as his purchasing agent. An example of this would be the typical Insurance Agent/Client relationship where the agent researches the client's needs, surveys the market and recommends the best available coverage.

Council of Fresno County Governments - Local Procurement Policy

Consultant Selection Evaluation Sheet		
Criteria	Maximum Points	Rating
Understanding of the work to be done	20	
Experience with similar kinds of work	20	
Quality of staff for work to be done. Ability to work well with all participants and stakeholders.	15	
Capability of developing innovative or advanced techniques	10	
Familiarity with applicable local, state and federal procedures	10	
Financial Responsibilities	10	
Demonstrated Technical Abilities. Ability to communicate effectively.	10	
Subjective Considerations	5	
Subtotal	100	
* Local Preference (if applicable)	5	
Total	105	

Budget Reform Outline

All provisions are Constitutional changes except where specifically noted otherwise

1. Limit General Fund Revenues to Long Term Trend of Revenues

- Use 10-year averages of growth rates of General Fund tax revenues for the years prior to the year for which the limit is calculated to grow revenues with the starting number being **2007-08** tax revenues. Annually thereafter, the limit is calculated off the prior year limit. This establishes the General Fund (GF) tax revenue limit. Non tax revenues to the GF are not subject to the limit. Finance will project the amount and it must be adopted annually in the budget. Finance must transmit its calculation by June 10 after notifying the Legislature of its calculation methodology in the May Revision.
- Adjust the revenue limit for tax changes by adding (or subtracting if it's a tax cut) the first year (if partial), and first full year values to the revenue limit calculated from the growth rate average if the tax change reduces revenue, but if the change increases revenue, increase the limit only to the extent the tax change revenues make revenue exceed the revenue limit that year. A change that increases revenue shall not reduce the limit.

2. Add Revenue Stabilization Fund (RSF)

- Revenues over the revenue limit go first into the Revenue Stabilization Fund (RSF) until they are 15% of the revenue limit amount for the year.
- Transfers out of RSF may be made to the GF only to fill up to the revenue limit and only with 2/3 vote after Finance estimates that revenues will not be sufficient to hit the revenue limit. This can be authorized prospectively as part of the budget or later during the fiscal year but only to reach the revenue limit. The Governor may veto this transfer and it may be overridden by a 2/3 vote.
- **Of transfers into the RSF, the Test 1 percentage of them will go into a dedicated Prop 98 account (Education Funding Stabilization Account), except any non tax revenues, such as lottery proceeds. That account will have special rules for withdrawals as follows:**
 - **Withdrawals would be required to pay any Maintenance Factor owing for the year and any settle-up created by the operation of the across the board cuts, to the extent there are funds in the Account.**
 - **Funds could be withdrawn to raise the Test 1 percentage of GF revenues to the revenue limit. This would not limit the amount of funds the Legislature could appropriate for education.**
 - **Funds could be withdrawn to pay prior year settle-up**

- The total amount of transfers to meet the revenue limit from EFSA and the main RSF could not exceed the amount the GF revenues for that year are below the limit. So if less EFSA is transferred than needed to make up the Test 1 percentage of the revenue shortfall, more of the rest of the RSF can be transferred.
- Revenues deposited in the Revenue Stabilization Fund don't count toward Proposition 98 in the year received; they count the year after they are transferred to the GF. Similarly, they don't count toward the State Appropriations Limit in the year they go into RSF, they only count when they are transferred to the GF.
- The Constitution would require that any amounts over the RSF cap are distributed by the Legislature, with details provided by statute(s), as follows:
 - The Test 1 level (about 40.4%) goes to Prop 98 for one time purposes and this does not count towards Test calculations.
 - The rest is appropriated by the Legislature for one or more of the following:
 - tax relief (**including as a priority any amounts owed to the taxpayers as a return of triggered sales tax**)
 - infrastructure (public works projects)
 - GO debt service

These expenditures would not count against the State Appropriations Limit.
- Prior Year Adjustments (revenues not attributable to a fiscal year) go into the RSF and are split between the Prop 98 account and the main fund.
- Eliminate the Proposition 58 Budget Stabilization Account (BSA) but retain the provision requiring one-half of BSA deposits to go to retire remaining Economic Recovery Bond (ERB) debt until ERB debt is retired. ERB transfers come from GF revenues after any RSF transfer.

3. Automatic Budget and Program Adjustment Mechanisms For GF

- Finance will estimate revenues and expenditures on or before November 1, January 10 and June 1 of each fiscal year.
- If after any transfer from RSF or Special Fund for Economic Uncertainties into the GF, a budget gap (negative reserve) of less than 1% of budgeted expenditures is forecast, Finance must reduce all appropriations that can be reduced under law by an amount that will achieve a reduction in each program that can be reduced of 2% of budget on an annualized basis, with each item of appropriation adjusted to reflect the proportion of the year remaining in which the cut can be implemented. Finance can supersede statutory (non-Budget) appropriations in order to reduce them. The 2% level of cuts would be implemented as provided by law (see next bullet). If there is no law regarding how reductions are to be made in place, Finance must reduce all appropriations evenly to the extent reductions can be implemented under current law. If the gap exceeds 1%, then Finance must reduce appropriations to achieve a total annualized reduction of 5%, with each item

adjusted to reflect what is left of the fiscal year and operating departments must reduce programs as required using the standing statutory authority provided for those programs. These reductions apply as soon as statute provides and continue until superseded by a budget or other statute.

- The Legislature is constitutionally mandated to enact statute(s) that suspend, waive, or reduce entitlements to match the percentage reductions in appropriations that may be ordered by Finance. The legislation must define two reduction levels per program, at 2% and 5%. This applies to all programs not mandated as to level by the U.S. Constitution, the State Constitution, or constrained by contracts. It does not apply to debt service. The Legislature could require future contracts to have an appropriation reduction clause that allows reduction in work, services, or payment rates, if required by the budget adjustment process. The Constitutional single subject rule does not apply to a bill or bills for this purpose. If the Legislature has not enacted statutes providing sufficient authority to reduce expenditures to the level indicated by Finance, the Governor may waive any state law to provide sufficient authority to reduce expenditures consistent with an across the board appropriations reduction. **The Governor cannot reduce school revenue limit funding.** If program reductions initially instituted in mid-year under this authority are partially or fully adopted as permanent reductions by virtue of being continued in the next budget, the Legislature must adopt new 2 and 5 percent reduction authority for each such program.
- Proposition 98 suspensions can be done as under current law (in a separate 2/3 vote bill). **Reductions of Proposition 98 appropriations cannot be more than needed to get to the revised guarantee.** If appropriations are reduced below what is ultimately determined to be the guarantee, the state will owe settle up appropriations and repayment of those are a priority use of the Prop 98 portion of the RSF.
- A reserve under the revenue cap (Special Fund for Economic Uncertainties) can be established and used to reduce or eliminate the need for mid-year cuts. If insufficient savings are derived from mid-year cuts and use of reserves to end the year in the black, the fiscal year can end with a negative balance and the state will use short term borrowing or one-time non-tax revenues (e.g. sale of assets) to fill the gap to the extent necessary to pay bills. Unused SFEU carries over and does not count against the cap again (it's not new revenue). The old sales tax trigger (down) stays and prevents budgetary reserves from getting too big.
- Very large fiscal problems will still require Legislative solutions, including Prop 58 special sessions.

4. Anti-manipulation Provisions

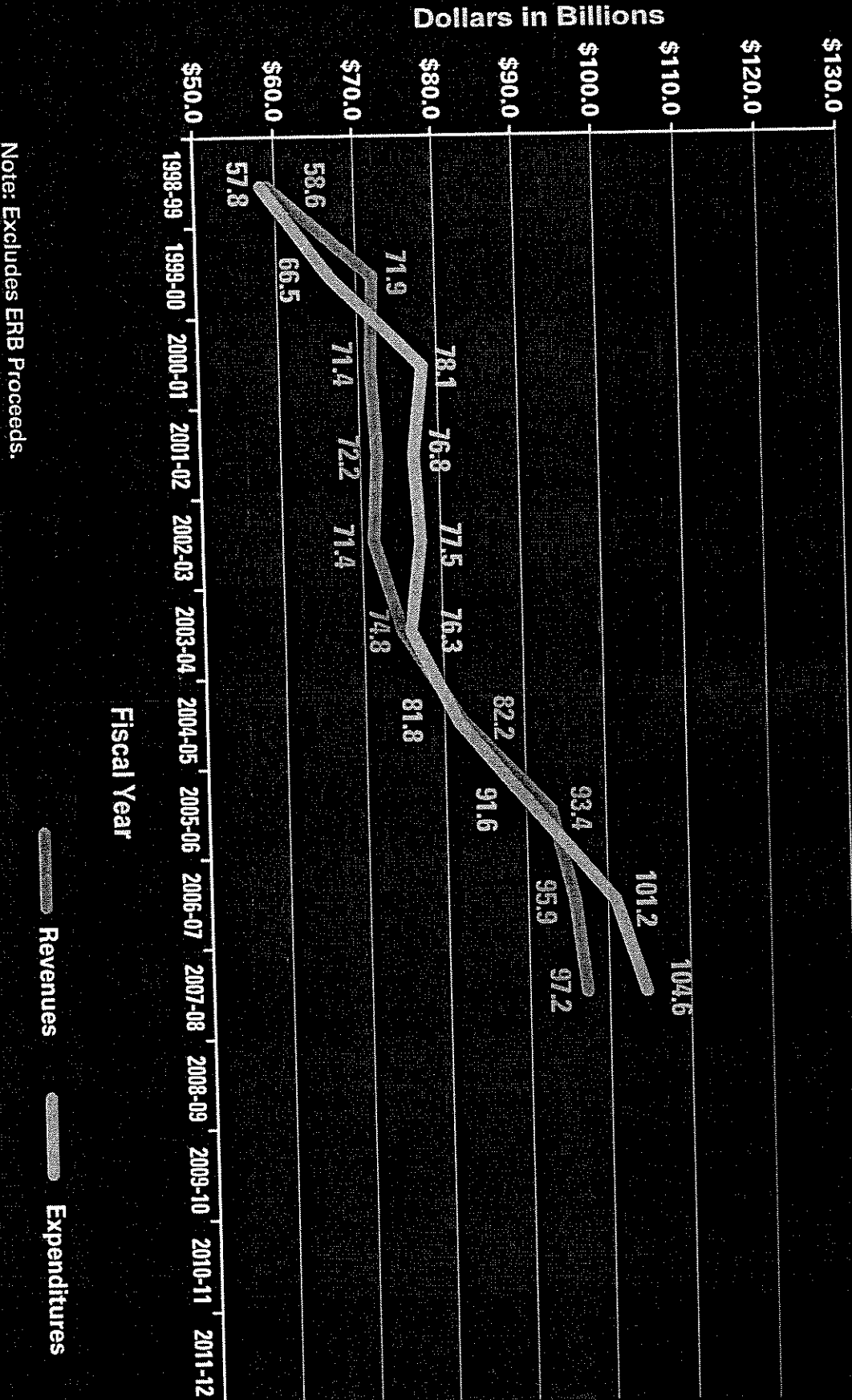
- All General Fund tax types as of the date of adoption (other than those currently not deposited in the GF) are subject to the revenue limit whether they are subsequently placed in the General Fund or not. This cap will not apply to realignment sales tax or any other general tax revenue that is

already dedicated to a specific purpose. This broader definition of General Fund only applies to the Budget Reform part of the Constitution.

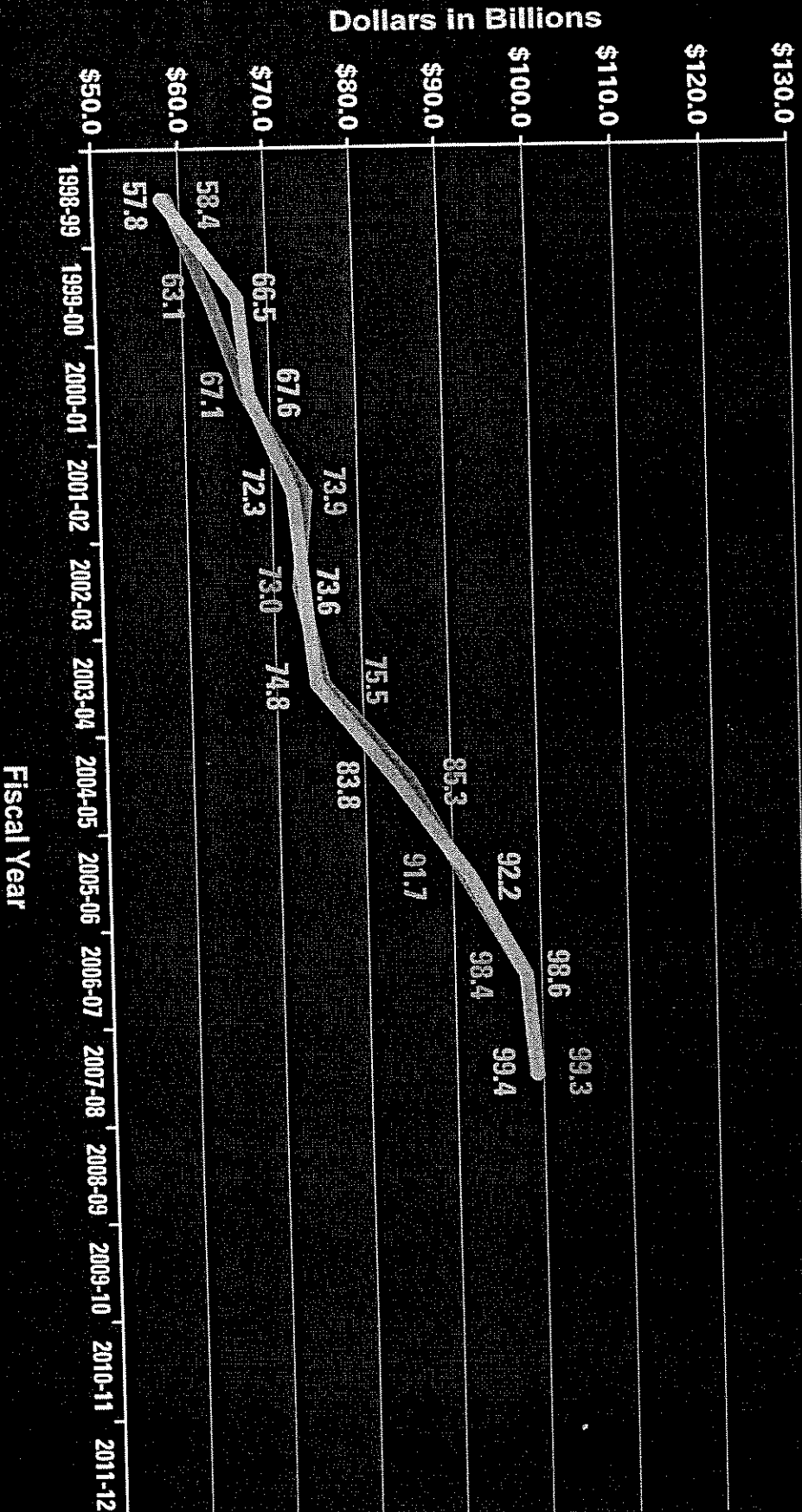
5. Challenges

- Determinations by Finance under this (Article) may be challenged in State Supreme Court within 45 days of publication or action. The court must rule within 60 days.

PROBLEM: California's Budget Since 1998-99



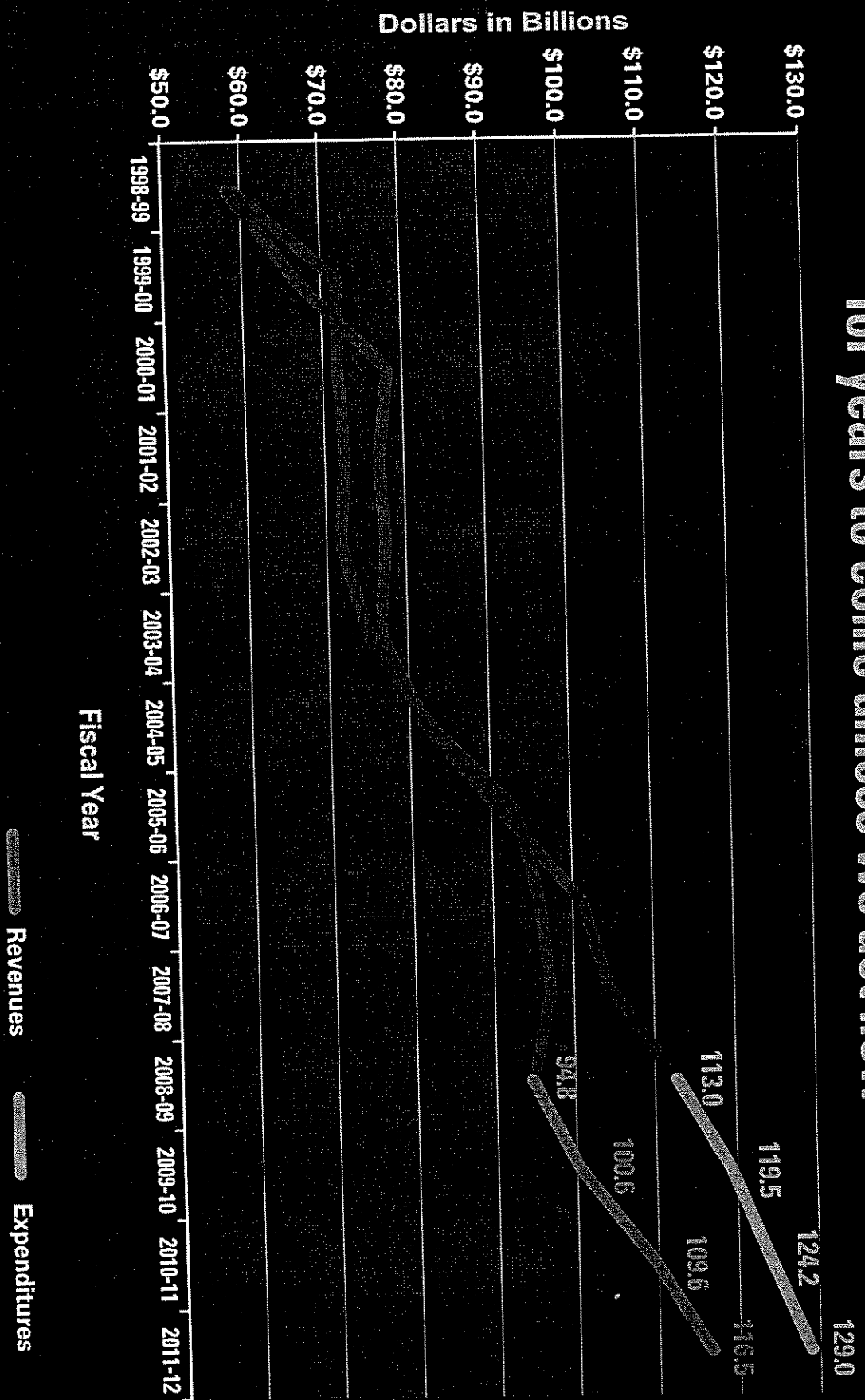
SOLUTION: If Budget Reform had been in effect in 1998, California would not have had massive budget deficits



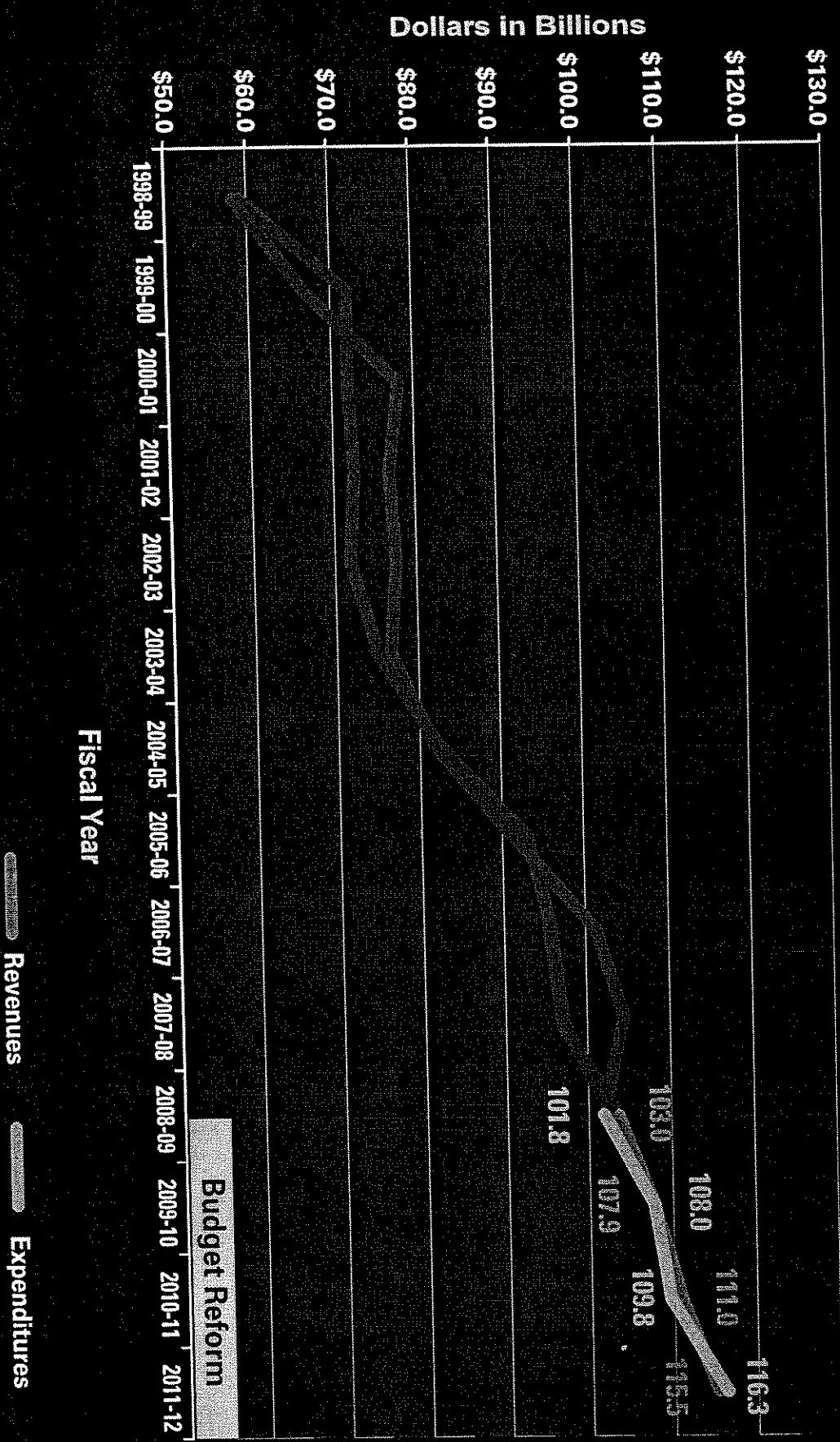
Note: Excludes ERB Proceeds.

Revenues Expenditures

PROBLEM: California faces deficits for years to come unless we act now



SOLUTION: Budget Reform eliminates projected deficits in the future





2008-09 MAY REVISE

FIXING CALIFORNIA'S BROKEN BUDGET SYSTEM

GOVERNOR'S STRUCTURAL REFORMS WILL MAKE BUDGET MORE DEPENDABLE, PREDICTABLE AND STABLE

In addition to addressing California's immediate budget challenges, the May Revise also ensures that California has the tools necessary to prevent future budget crises. To address the structural problems that are driving California's destructive feast-or-famine budget cycle, the Governor will continue to push the Budget Stabilization Act, a reform plan he introduced as part of his State of the State speech in January. In the May Revise, the Governor's plan has been updated to include mechanisms to immediately establish and partially fund the Revenue Stabilization Fund—or rainy day fund—so that California can begin to address the current deficit without delay, while also bringing the structural changes necessary to prevent similar problems in the future.

The Governor has proposed key structural budget reforms to ensure Californians never have to face such drastic cuts again. The Governor's proposal:

- Establishes the Revenue Stabilization Fund—or rainy day fund—to help stabilize the state's finances. Historically the state spends all the money it takes in during years of above average revenue growth, leading to unsustainable spending levels and budget deficits when revenues return to, or fall below, average levels.
- Uses cash from the securitization of future lottery revenues to establish the Revenue Stabilization Fund and address the deficit immediately. With the changes included in the May Revise, the Revenue Stabilization Fund will be created and capitalized using approximately \$15 billion the state is expected to gain from modernizing the lottery and securitizing its future revenues. \$5 billion is expected in 2008-09, which means that the state can begin to address the deficit right away, while also creating the structure necessary to tackle future deficits.
 - In the future, this rainy day fund will take in excess revenues during high growth years in order to sustain core programs and funding in years like this, when the economy slows.
- The Governor's proposal also includes a measure to keep spending under control and eliminate surprises through predictable, negotiated reductions.

The Governor's budget reform plan builds on his longtime commitment to addressing the state's structural budget problems. The Governor was elected on the promise of greater fiscal stability and responsibility and he has actively pursued policies to achieve this for California. The Governor has:

- Pushed for a state spending limit. In 2003, the Governor called for a state spending limit with the California Recovery Plan and in 2005 with Proposition 76, the "California Live Within Our Means Act."
- Negotiated and championed the Economic Recovery Bond Act. The Governor pushed Proposition 57 in 2004 to pay off California's General Fund deficit, without raising taxes.
- Negotiated and championed the California Balanced Budget Act. Proposition 58 in 2004 established a reserve, required the state to enact a balanced budget, allowed the Governor to declare a fiscal state of emergency and make mid-year budget adjustments and prohibited most future borrowing to cover budget deficits.
- Championed measures to protect local government and transportation funds from being raided to balance the budget. The Governor supported Proposition 1A in 2004 to protect local government revenues and supported expanded Proposition 42 transportation funding protections with Proposition 1A in 2006.

On The Record

Californians Feel The Need For Budget Reform, According To The Latest PPIC Poll. "The poll did include a nugget of good news for the governor: Californians overwhelmingly want to reform the budget to end recurring money crises in Sacramento. Schwarzenegger in recent weeks has been campaigning around the state for a plan to sock away money in flush years to cushion the state during economic downturns. More than two-thirds of

residents think 'major changes' are needed in the budget process." (Mike Zapler, "Economy, Budget Rile Californians," *Contra Costa Times*, 3/27/08)

- **Majority Of Voters Believe "Major Changes" Are Needed To The Budget System.** "When it comes to the overall state budget process, in terms of both revenue and spending, most residents (65%) and likely voters (70%) believe major changes are needed." (Mark Baldassare, Dean Bonner, Jennifer Paluch and Sonja Petek, "Californians And Their Government," Public Policy Institute of California, 3/26/08)
- **Survey Shows The Desire For Budget Reform Is Not Limited By Ideology.** "At least two in three Democrats (66%), independents (67%), and Republicans (69%) believe major changes are needed in the budget process. Solid majorities across regional and other demographic groups agree that significant reform is needed and this view is more likely to be held by older and more educated residents than by others. Of those calling the current budget situation a big problem, 75 percent believe that major changes are needed." (Mark Baldassare, Dean Bonner, Jennifer Paluch and Sonja Petek, "Californians And Their Government," Public Policy Institute of California, 3/26/08)

Daniel Weintraub: "There's Nothing Wrong With Skimming Off A Bit Of That Revenue In Good Times And Saving It For The Inevitable Downturn." (Daniel Weintraub, *Sacramento Bee's Capitol Alert Blog*, "Rainy Day Funds," www.sacbee.com, 3/20/08)

Eureka Reporter: Time For Legislature To "Agree With The Governor" On Budget Reform. "This is a sensible measure that would prevent legislatures from indulging themselves in spending sprees. If it goes to a vote in November and passes, the Budget Stabilization Act may mean that this season's intense battle over budget cuts to erase a deficit of some \$12 billion will become a thing of the past. It's time for both parties in the Legislature to agree with the governor that it should go to the voters this year" (Editorial, "The BSA — An Idea Whose Time Has Come," *Eureka Reporter*, 4/10/08).

Riverside Press-Enterprise: Saving Money During Good Times Just "Common Sense." "California should save money in good years to ease it through lean times. The Legislature's failure to practice such basic common sense is a dismal judgment on state governance. Legislators' standard procedure should be to tuck money away when revenue surges beyond projections -- automatically, if legislators cannot exercise even minimal self-control." (Editorial, "Budget ABCs," *Riverside Press-Enterprise*, 3/19/08)

- **Governor's Reforms Could Have Avoided Budget Turmoil Of Past Years.** "But there is no dispute about the wisdom of setting aside money during boom years...Had the state regularly taken that step, it could have avoided much of the budget turmoil of recent years." (Editorial, "Budget ABCs," *Riverside Press-Enterprise*, 3/19/08)



MAY REVISE 2008-09

A RESPONSIBLE BUDGET IN THE FACE OF A WORSE DEFICIT

FIXES OUR BROKEN BUDGET SYSTEM, FULLY FUNDS EDUCATION – WITHOUT RAISING TAXES

While the budget deficit has worsened since January – with revenues that came in \$6 billion lower than projected – and California's economy is still sluggish, the Governor has produced a revised and improved budget that focuses on fixing our broken budget system once and for all. It is a responsible budget that includes a combination of necessary cuts and new revenues.

It is a budget that also fully funds education under Proposition 98, keeps state parks open, and keeps prisoners behind bars. And it does not raise taxes.

The Governor's May Revise seeks to get more value out of an underperforming state asset – the California Lottery – and in so doing establish a much needed rainy day fund to benefit both current and future budgets. Raising more cash from the Lottery now will jump-start systemic budget reform, which California needs so that it is never again put in the feast-or-famine budget cycle that threatens funding to education, law enforcement, health and human services, and other programs.

Governor Schwarzenegger has produced an improved, responsible budget despite lower revenues and a worsened deficit.

The budget deficit has grown since January. And the economy is still slow. Nevertheless, the Governor has produced a budget that:

- Fully funds education under Proposition 98, increasing funding to K-14 schools over the current year budget by about \$200 million;
- Keeps state parks open;
- Does not let any felons out from behind bars early;
- Does not raise taxes.

It is a budget that includes difficult-but-necessary cuts, as well as new revenues and other solutions.

Difficult cuts are still necessary because the budget problem that was approximately \$14.5 billion in January has grown. It would stand at nearly \$24 billion (which includes a prudent \$2 billion budget reserve) if the Legislature had not done a great job in February of making mid-year cuts. Currently, the budget problem is over \$17 billion.

- Because the size of the budget problem has grown, difficult cuts, like those proposed by Governor Schwarzenegger in January, are still necessary.
- But the budget problem cannot be solved with cuts alone. So the Governor has proposed innovative solutions to increase current revenues, while stabilizing revenues over the long-term, including a timely proposal to better realize the value of the California State Lottery.

California desperately needs a long-term budget fix in order to get off the broken budget rollercoaster – and getting more out of our Lottery will give the Legislature the ability to make that fix this year.

Californians agree that the broken budget system needs reform. Revenues vary from dramatic highs one year to much lower than projected the next, leading to a rollercoaster of excessive spending followed by painful cuts. The Governor has proposed a reform plan that will bring stability to the budget system by: 1) establishing a rainy-day fund just as any responsible business or family would do, and; 2) giving the Legislature the authority to make mid-year cuts easier and more swiftly.

- The Governor's May Revise will put budget reform in place by increasing the value of the underperforming state lottery and using the proceeds to create the Rainy Day Fund (Revenue Stabilization Fund).
- Now is the time to get more out of our Lottery. The California Lottery has for a long time underperformed the national average, and taxpayers deserve more out of it. A bill moving through the state Legislature will help modernize the Lottery, and that modernization will allow the state to jump-start the Rainy Day Fund and pump an estimated \$5 billion in new revenue into the 2008-09 budget.

- Putting a Rainy-Day Fund in place will take California off the broken budget rollercoaster. Protecting California's priorities in the long term means putting in place reform that will help the Legislature and future governors stabilize the state's revenue stream – eliminating the feast-or-famine cycle of dramatic increases in revenue one year and dramatic shortfalls the next.

The May Revise includes a responsible-budgeting safety net – an idea borrowed from a Republican predecessor – to ensure the budget remains balanced.

It is fiscally responsible to put in place a backup plan, in the event that revenues do not come in sufficiently to deposit into the Rainy-Day Fund and balance the budget. The Governor hopes never to have to use that backup plan.

- By improving the Lottery and getting more out of the valuable asset, the safety net will not even be necessary. Also, a rebounding economy will make the backup plan unnecessary.
- The safety net is modeled after Republican Governor George Deukmejian's tax trigger, and would be temporary and tax-neutral.



2008-09 MAY REVISE

FULLY FUNDING EDUCATION

GOVERNOR'S MAY REVISE FULLY FUNDS PROPOSITION 98 GUARANTEE, INCREASES YEAR-OVER-YEAR K-12 AND COMMUNITY COLLEGE FUNDING

While California's structural budget deficit persists due to slower rates of economic growth, the Governor was able to fully fund education's Proposition 98 guarantee within the May Revise. The Governor's revised budget proposes \$1.8 billion in additional funding over January's budget for K-12 education and community colleges, which fully funds the minimum Proposition 98 Guarantee in 2008-09. Total Proposition 98 funding for K-14 education programs will increase year over year by \$193 million. With this additional investment, K-12 Proposition 98 per-pupil funding in the May Revise are \$8,610 in 2008-09, up from \$8,509 in 2007-08.

Despite a worse deficit, the Governor's May Revise fully funds the Proposition 98 Guarantee.

The Governor's May Revise proposes fully funding the minimum Proposition 98 Guarantee in 2008-09 with \$1.8 billion in General Fund dollars for K-12 education and community colleges.

- Proposition 98 guarantees minimum funding levels for K-12 schools and community colleges. The guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to a multitude of factors including the level of funding in 1986-87, General Fund revenues, per capita personal income and school attendance growth or decline.

The Governor's May Revise increases:

- Total K-14 funding. Total year over year Proposition 98 K-14 funding will increase \$193 million.
- Total per-pupil funding. Total Proposition 98 K-12 per pupil funding will increase more than \$100, from \$8,509 in 2007-08 to \$8,610 in 2008-09.

Other Highlights:

- Funding improvements to California's educational data system. The May Revise continues to fully fund development of the California Longitudinal Pupil Achievement Data System (CalPADS) and California Longitudinal Teacher Integrated Data Education System (CalTIDES) systems. Total funding for these projects is \$10.3 million (\$2.2 million General Fund) in 2008-09.
- Increasing funding to State Department of Education administered child care programs. The Governor's May Revise includes a net increase in funding of \$45.4 million for a total of \$2.5 billion, including an increase in ongoing Proposition 98 resources of \$41.9 million, for 2008-09.



2008-09 MAY REVISE

STRENGTHENING DISASTER PREPAREDNESS AND RESPONSE

GOVERNOR'S EMERGENCY RESPONSE INITIATIVE PROTECTS PEOPLE, PROPERTY STATEWIDE

California's communities constantly face a potentially devastating range of emergencies and natural disasters, including flooding, extreme temperatures, wildfires, mudslides, drought, and earthquakes. The state has a responsibility to aggressively prepare for the next, inevitable emergency or natural disaster. The Emergency Response Initiative will ensure California is prepared by providing first responders with new equipment and technology, improving overall emergency preparedness and response, and proactively helping to save lives and property. This proposal, which has been improved upon since the January budget proposal, will benefit all Californians – north, south, coastal, inland, rural, or urban.

This initiative provides California's emergency responders with the resources they need to save lives and property. For the 2008-09 budget year, this initiative will:

- Fund full peak-season staffing of 336 fire engines with 1,100 seasonal firefighters.
- Ensure that OES continues to have the ability to respond to disasters and utilize its Warning Center to notify emergency first responders.

The May Revise updates and improves the Governor's January proposal. While all Californians will benefit from this initiative, the updated proposal recognizes that there are varying levels of risk depending on where Californians live. Thus, the surcharge on all residential and commercial property insurance statewide will be designated by zip code and set at two levels based on differing risk:

- 1.40 percent on those structures in areas designated as high-hazard zones in terms of earthquake, fire, or flood, as determined by OES and CAL FIRE risk maps
 - This will result in an average cost of about \$12.60 per household
- 0.75 percent on those structures in low-hazard zones.
 - This will result in an average cost of about \$6.75 per household

This initiative ensures California is prepared for future emergencies and disasters and funds key recommendations from the Blue Ribbon Commission Task Force. The emergency Response Initiative will:

- Provide 131 new engines to local firefighters. This initiative adds 131 Office of Emergency Services fire engines on loan to local firefighters, increasing the total available from 119 to 250 over five years.
- Add new helicopters that perform better for less. Aerial assets add an important layer of defense against destruction caused by natural disasters. Under the Governor's proposal, 11 new all-weather, 24-hour-capable helicopters will be purchased and six of nine helitack bases will be remodeled.
- Strengthen the California National Guard's response. Under this proposal, the state will provide the National Guard with two full-time helicopter crews; two firefighting systems for the C-130 cargo aircraft, and three helicopter firefighting systems. This will result in even quicker responses.
- Track and coordinate equipment with Global Positioning System (GPS) technology. Multi-incident disasters demand that responders track and deploy equipment as quickly as possible. The Governor proposes that CAL FIRE outfit key pieces of equipment with GPS to allow the monitoring of equipment use in real time and the quick dispatch of equipment to where it's needed most.

This initiative improves emergency preparedness and response – across the entire state. Every community from the coast to the mountains stands to benefit from this initiative.

- This initiative will improve statewide response to all disasters. In addition to fire-related uses, this funding will go to help first-responders who respond to earthquakes, floods, levee breaks, landslides and perform rescue duties. It will also protect our water quality and the reliability of our electric utilities, often impacted by fires.

This initiative saves taxpayer dollars. Improving California's response to emergencies and disasters will not only help to save lives, it will also help to save taxpayer dollars.

- When disasters strike in California every taxpayer helps foot the bill. Regardless of when and where disaster strikes in California, all taxpayers help foot the bill. Last year's Southern California wildfires alone cost taxpayers hundreds of millions of dollars.
- As insurers' costs increase, homeowners' insurance costs follow. As one disaster example, large wildland fires have resulted in nearly \$4 billion in insurer payouts since 2003. As insurers' costs increase in response to the fires, these costs eventually translate into higher premiums for homeowners.



2008-09 MAY REVISE

PROVIDING A LONG-TERM BUDGET SOLUTION BY MODERNIZING THE LOTTERY

GOVERNOR'S PROPOSAL WILL BRING BILLIONS IN NEW REVENUE TO CLOSE BUDGET GAP, JUMP-START NEEDED STRUCTURAL BUDGET FIX

In addition to addressing California's immediate budget challenges, the May Revise also ensures that California has the tools necessary to prevent future budget crises. A major feature of the Governor's reform package is a plan to modernize California's lottery and use that asset to jump-start structural budget reform while protecting the \$1.2 billion education receives from the Lottery. By providing \$5 billion this budget year and \$15 billion by 2010-11 to establish and capitalize the Revenue Stabilization Fund—or rainy-day fund—which the Governor introduced as part of his budget reform proposal in this year's State of the State speech, the Governor addresses California's structural budget problems while assisting the 2008-09 budget.

By modernizing the lottery and raising cash upfront from securitizing future lottery revenues, the Governor's proposal will establish the Revenue Stabilization Fund (Rainy Day Fund).

- California could raise an estimated \$5 billion cash this year and \$15 billion in total by 2010-11.

The Lottery revenues will provide both a short-term budget fix AND the long-term solution to our broken budget system.

- The money raised by securitizing future revenues will create and establish permanently a needed Revenue Stabilization Fund. This rainy day fund will bring long-term stability to our budget system.
- The Revenue Stabilization Fund will be created and capitalized this year using \$5 billion generated from modernizing the lottery and securitizing its future revenues. This means that the state can begin to address the deficit right away, while also creating the structure necessary to tackle future deficits with the rainy day fund.
 - In the future, this rainy day fund will take in excess revenues during high growth years, to sustain core programs and funding in years like this, when the economy slows.

California has used securitization before to great effect – with tobacco settlement revenues. When California won settlement revenues from tobacco companies, the state securitized those revenues to get cash up front.

- There is no financial risk to the state. Through securitization, investors assume all of the risk; the state will never have to make a repayment or take a financial hit – even if increased future revenues never materialize.

The Governor's proposal will modernize California's underperforming lottery and bring it up to national averages by removing current operational constraints.

- California's lottery is weighed down by numerous statutory restrictions and limitations. California has a fixed 34 percent profit margin, is the only state that cannot pay fixed prizes, is limited to 1984 technology in the delivery of its games, has detailed dispensing machine limitations, and is subject to numerous theme restrictions.
- The performance of California's lottery lags compared to other states. Of the 10 most populous states, California ranks dead last in terms of per capita lottery sales, per capita return to beneficiaries, prize payouts, and per capita advertising expenditures.
- The Governor is committed to taking action to enable California's lottery the same operational flexibility enjoyed by lotteries in most other states. Improving flexibility will boost performance and returns.

On The Record

Sen. Dean Florez: State Lottery "Very Inefficient." "We start with the premise that it's a very inefficient operation ... It produces less revenue per pupil than any other state lottery ... I wouldn't discount it as a closer on a budget deal if we can do revenue bonds." (Timm Herdt, "Changes In State Lottery Weighed," *Ventura County Star*, 3/21/08)

Lottery Director Joan Borucki Recognizes California's Lottery Is In A Dire State: "She notes that 40 percent of California adults now play the lottery, and the number 'could drop to 25 percent in the next 10 years if we stay on the same trend line.'" (Timm Herdt, "Changes In State Lottery Weighed," *Ventura County Star*, 3/21/08)

Ventura County Star's Timm Herdt: California's Lottery Simply "Limps Along." "California's Lottery is a laggard among state lotteries that limps along with per-capita ticket sales that are about half the national average ... the state lottery has stagnated and the percentage of Californians who play the game has dropped steadily." (Timm Herdt, "Changes In State Lottery Weighed," *Ventura County Star*, 3/21/08)



2008-09 MAY REVISE

KEEPING OUR STATE PARKS OPEN

GOVERNOR'S MAY REVISE RESTORES FUNDING FOR CALIFORNIA'S STATE PARKS

While California's structural budget deficit persists due to slower rates of economic growth, the May Revise makes some positive adjustments, including the restoration of funding for the Department of Parks and Recreation to ensure that all state parks remain open to the public and state beaches are staffed with seasonal lifeguards. The Governor's proposed budget included a \$13.3 million General Fund reduction, which would have resulted in closing 48 state parks and reducing seasonal lifeguards at state beaches by a minimum of 50 percent.

The May Revise proposes \$13.3 million in funding for the Department of Parks and Recreation to keep California's state parks open. This proposal will fully restore the budget reduction and keep parks open by providing \$11.8 million General Fund and \$1.5 million from increased state park fees.

- The Governor's May Revise is a responsible budget that includes a combination of cuts, new revenues, and creative ideas.
- The fee increases will range from \$1 to \$2 at selected state parks where the effect on attendance would be minimal.



2008-09 MAY REVISE

PREVENTING THE EARLY RELEASE OF STATE INMATES

*WITH PAROLE REFORMS WORKING AND OUR INMATE POPULATION DECREASING,
THE GOVERNOR'S MAY REVISE ELIMINATES EARLY RELEASE PROPOSAL*

Fewer people are being sent to prison, and fewer felons are reoffending, meaning decreases in California's prison inmate population and its parolee caseloads. This results in significant budgetary savings of approximately \$300 million. Subsequently, the Governor's May Revise has dropped the proposal included in the Governor's proposed budget to release specified non-serious, non-violent, non-sex-offending inmates.

The Governor's May Revise reaffirms the Governor's commitment to public safety. The Governor's May Revise does not include the early release plan introduced in the proposed budget due to downward inmate and parolee trends. These trends indicate that the Governor's parole reforms are starting to have a positive impact.

Parole reforms are apparently working. The Governor is committed to parole reform, and a drop on parole caseloads is due in part to those reforms. AB 900 will continue that focus toward rehabilitation.

The downward inmate and parolee trends bring significant savings to the state's budget. It is anticipated that these downward institutional and parolee Average Daily Population (ADP) trends will reduce costs to the General Fund by \$27.9 million in the current budget year and another \$78.2 million in the 2008-09 budget.

- Institutional Average Daily Population:
 - Projected to drop 2,107 in 2007-08 from the level projected in the proposed budget.
 - Projected to drop 6,380 in 2008-09 from the level projected in the proposed budget.
 - These trends are the result of successful implementation of parole reforms, increased access to rehabilitation services, implementation of SB 1453, and a decline in new admissions
- Parolee Average Daily Population:
 - Projected to drop 2,887 in 2007-08 from the level projected in the proposed budget.
 - Projected to drop 10,189 in 2008-09 from the level projected in the proposed budget.
 - The parole population is expected to continue to decrease due to the effectiveness of parole reforms.

The Governor's May Revise also includes additional savings from the Summary Parole proposal.

- The May Revise includes total savings of \$173.6 million for the Summary Parole proposal, which is a \$75.7 million increase compared to the Governor's proposed budget.
 - The net increase in savings is due to \$110 million in corresponding operational and programmatic savings.

Other Highlights:

- Activating the state's first reentry facility. Consistent with the Administration's commitment to rehabilitation and current efforts to implement AB 900, the May Revise includes \$11.7 million to activate the state's first secure re-entry facility beginning July 1, 2009.
- Supporting the Prison Receiver's court mandated efforts to improve inmate medical care. The May Revise proposes an augmentation of \$8.6 million General Fund in 2008-09 and makes note proposed urgency legislation to authorize approximately \$7 billion in lease revenue bonds to ensure that the Receiver is able to improve the delivery of medical care to inmates.



MAY REVISE 2008-09

A RESPONSIBLE, TEMPORARY, TAX-NEUTRAL SAFETY NET

MODELED ON FORMER REPUBLICAN GOVERNOR'S MECHANISM, AN ADDED FAILSAFE THAT SHOULD NEVER HAVE TO BE USED

In 1983, facing a similar economic slowdown, Republican Governor George Deukmejian put in place a safety net budget mechanism known as a "trigger" that would have compensated for slowing revenues by enacting a temporary and tax-neutral adjustment to the state sales tax. When the economy bounced back, the trigger would have been pulled again to drop the sales tax back to its previous level; and when the economy improved even further, the trigger would reduce the sales tax below its original level until the entire temporary increase was paid back to taxpayers. Because the economy improved, Governor Deukmejian never had to employ this trigger.

Governor Schwarzenegger has proposed a mechanism modeled after Governor Deukmejian's as a safety net – a responsible budgeting backup plan – in his May Revise. If his budget plan is followed, it, too, won't be necessary.

This safety net is an element of responsible budgeting that will ensure the state budget remains balanced. The trigger mechanism is another effort to be responsible with the state budget. The trigger is tied only to the Revenue Stabilization Fund (or rainy day fund) and will turn on only if the balance in the rainy day fund is not enough to provide the General Fund with the amount, if any, required by the Budget Stabilization Act .

- The trigger will be pulled only if there is not enough money in the rainy day fund to bring the General Fund to its 10-year average level.

The mechanism would be in place only temporarily. The safety net is intended only to guarantee the state budget gets through a down economy.

- The trigger mechanism is in effect only in fiscal years 2008-09 through 2010-11.
- If it triggered on, it would only do so in order to replenish the Rainy Day Fund, and would then trigger off. Regardless of the size of the Rainy Day Fund, it would trigger off permanently no later than June 30, 2011.

Taxpayers would be paid back in full. If the trigger is pulled, it would temporarily raise the state sales tax by one penny. It would trigger off quickly – either when the Rainy Day Fund reaches its maximum or June 30, 2011, whichever is sooner. If the tax is triggered, then whenever the Rainy Day Fund has excess funding, it will trigger a tax rebate until taxpayers are completely repaid.

- The safety net will be tax neutral.

The Governor never intends to have to use the safety net – and if his budget plan is adopted it will not be necessary. Governor Deukmejian's trigger mechanism was never turned on. Governor Schwarzenegger does not want this mechanism to turn on. If California enacts budget reform, gets more out of the state Lottery, and the economy picks up again, the trigger will not turn on.

- Raising funds from a modernized Lottery will help current and future budgets. The Governor's plan to raise money from the modernized state Lottery will create and fill the Revenue Stabilization Fund and then help balance budgets from this budget year and beyond.

Tax increases are not the way to fix our broken budget system.

- The Governor is opposed to increasing taxes. He has held the line against tax increases consistently over his 4½ years in office and over the five budgets he has proposed.

BEFORE THE
COUNCIL OF FRESNO COUNTY GOVERNMENTS
RESOLUTION 2008-24

In the Matter of)
)
THE LIGHT BROWN APPLE)
MOTH)

)

RESOLUTION SUPPORTING THE
DEPARTMENT OF FOOD & AGRICULTURE
& THE UNITED STATES DEPT. OF AGRICULTURE
IN ERADICATING THE LIGHT BROWN APPLE
MOTH (LBAM)

WHEREAS, the presence of the light brown apple moth (LBAM), which is originally from Australia, has no natural predators in the United States and has currently been confirmed in 12 counties, which include Alameda, Contra Costa, Los Angeles, Marin, Monterey, Napa, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, and Solano, since its discovery in California by the Department of Food and Agriculture and the United States Department of Agriculture in March 2007; and

WHEREAS, the introduction of the LBAM represents a danger to California's Central Valley's natural environment and could cause billions in crop damage and lost agriculture work for our citizens; and

WHEREAS, the United States Department of Agriculture and California Department of Food and Agriculture have been working diligently to select the best organic pheromone, a substance that can be used safely to disrupt the mating of the LBAM, to eradicate the pest in order to reduce the use of other more harmful types of pesticides to rid our state of the LBAM; and

WHEREAS, more than 16,000 LBAMs were found in the Bay Area and most of these moths were found in Monterey and Santa Cruz Counties proving a direct threat to our central valley; and

WHEREAS, according to the Department of Food and Agriculture, aerial spraying for the LBAM is needed in 10 Bay Area counties to rid our state of this invasive pest; and

WHEREAS, after aerial spraying for the LBAM in Monterey and Santa Cruz Counties last year, and that according to studies done by the California Department of Public Health and the Office of Environment Health and Human Services, no health claims have been found to be directly linked to the aerial application of this pheromone; and

WHEREAS, the Central Valley is the fruit basket of the world and we will not stand to have our livelihood and food supply threatened by an eradicable pest.

NOW, THEREFORE, BE IT RESOLVED by the Council of Fresno County Governments Policy Board that we support the Department of Food and Agriculture and the United States Department of Agriculture in their effort to eradicate this dangerous and harmful pest that threatens the environment and our agricultural industry, including the use of aerial applications, if needed.

THE FOREGOING RESOLUTION was passed and adopted by the Council of Fresno County Governments this 29th day of May, 2008.

AYES:

NOES:

ABSTAIN:

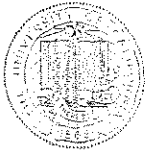
ABSENT:

ATTEST:

Signed: _____
Trinidad M. Rodriguez, Chairman

I hereby certify that the foregoing is a true copy of a resolution of the Council of Fresno County Governments duly adopted at a regular meeting thereof held on the 29th day of May, 2008.

Signed: _____
Barbara Goodwin, Executive Director



THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1111 Franklin Street, 12th Floor
Oakland, California 94607-5200
(510) 987-9220
FAX: (510) 987-9224

RECEIVED

MAY 12 2008

May 8, 2008

Chairman Trinidad M. Rodriguez
Council of Fresno County Governments
2035 Tulare Street, Suite 201
Fresno, California 93721

BY: 

Dear Chairman Rodriguez:

Thank you for your letter of March 27 expressing the support of the Council of Fresno County Governments for the establishment of a four-year medical program at the University of California, Merced. We are pleased to know of your colleagues' support for the campus in this effort, and we welcome the opportunity to bring you up to date on the campus' planning.

UC Merced is working on programmatic issues and development of a future medical school that will help address the growing health-care needs of the Central Valley. The campus intends to seek approval from the University's Board of Regents for continuing their planning efforts toward development of a new medical school. Next steps will also include ongoing consultation within UC and with leaders in the Valley, finalization of curriculum, and development of detailed business and capital plans. When the proposal is complete, the campus will move forward with all customary review and approval processes, including those necessary for national accreditation review.

In light of the interest in the Board of Regents on this topic, we are asking the Secretary and Chief of Staff to The Regents to ensure that your letter is included in the next report of correspondence that is sent to the Board.

Sincerely,



Richard C. Blum
Chairman



Robert C. Dynes
President

cc: Chancellor Kang
Provost Hume
Secretary and Chief of Staff Griffiths