

Attachment “C”

as provided by  
the

Resource  
Management Agency  
– Road Fund

**Potential Impact of State Budget on Department of Public Works:**

**State Issuance of IOU's for first six months of FY 2009-10**

Staff is consulting with the representatives at the State to determine if IOU's will result in a \$400,000 shortfall in funding for Highway 68-San Benancio, Highway 68-Coral de Tierra, and Davis Road Bridge for the first six months of FY 2009-10.

The shortfall in project funding will result in a six month project delay unless IOU's can be converted to cash.

The County will earn interest of 3.75% on the IOU's.

**Proposition 42 Deferral for first six months of FY 2009-10 to be repaid in May 2009:**

The State has proposed deferral of Proposition 42. The Department budgeted \$1.554 million for the first six months of FY 2009-10 in Proposition 42 revenue. This deferral will also reduce the cash balance for the Road Fund, resulting in lost interest earnings of \$12,481 for a total potential loss of \$1.566 million.

**Highway Users Tax (HUT) Permanent Take for first 12 months of FY 2009-10:**

The State has proposed a permanent take of HUT for FY 2009-10 resulting in a \$6.36 million funding shortfall in the Road Fund. County will also lose related interest earned on the HUT for this 12-month period of approximately \$28,741 for a total potential loss of \$6.388 million. This will have catastrophic consequences to the Monterey County Road System. HUT is used to fund maintenance operations on County roads and bridges. A permanent take of \$6.36 million could result in major layoffs (50-70 employees) and decimate the maintenance program, unless funding can be provided from other sources.