



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: June 16, 2009

RE: General Information (regarding matters not scheduled on the agenda)
6/23/09 Board of Directors Meeting

Suspension of Prop 1A Promised by Governor

As reported last month after the state-wide special election, voters rejected the slate of budget propositions that were proposed by the governor and legislature as part of the 2009-10 state budget. Thereafter, local governments across the state began preparing for the loss of property tax revenue that would result from the governor's promised suspension of Prop 1A and borrowing \$2 billion from property tax revenues to help close the state's \$24.3 billion budget deficit.

Under Proposition 1A, passed in 2004, the state can borrow 8% from special districts, cities and counties, but must repay the funds, with interest, within three years. Notwithstanding this constitutional limit to borrowing local property tax revenue, the state's legislative analyst has suggested taking more than 25% from water and wastewater districts because they can raise rates to recoup the money.

After the budget propositions were defeated in the special election, associations representing special districts, cities and counties aggressively organized a campaign against the proposed Proposition 1A suspension. On June 15, the legislative budget conference committee voted to reject the proposal to borrow property tax revenue from local governments.

Unfortunately, the \$24 billion deficit is still standing between the legislature and a budget for 2009-10, and there seems to be no willingness on its part to spend within its means.

Relicensing

FERC has issued its Final Environmental Impact Statement and recommended most of the Alternative Conditions proposed by SFWPA, including SFWPA's minimum instream flows (rather than those proposed by the U.S. Forest Service). Agency consultants are beginning to gear up to accomplish the CEQA processing in preparation for acquiring the required water quality permit from the State Water Resources Control Board. A best guess as of today is that the new license is still probably a year away.

Annual Facilities Tour

At this writing, 50 guests have confirmed they will be attending, making this year's tour one of the largest in recent memory. This will be a great opportunity for directors to mingle and connect with community members and regulatory staff from various agencies. Remember, this is our primary public-relations effort for the year, and directors are the Agency's ambassador corps. Make us proud.