

CALIFORNIA CONSULTING

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"California Consulting has exceeded our expectations. Their grant writers have helped us bring in more than \$5.5 million in state and federal funds for our School District. Based on our first hand experience, we strongly recommend California Consulting."

Rich Merlo,
Superintendent
Corcoran
Unified School
District

California Consulting Hosts Cal-Trans Director and New CTC Commissioner

California Consulting LLC and the Fresno Council of Governments (COG) held a luncheon honoring newly appointed Cal-TRANS Director Randy Iwasaki and California Transportation Commission (CTC) Commissioner Darius Assemi on Tuesday, December 1st 2009. The event was held at the Fresno COG office Sequoia Room. The invitation-only event was attended by over 85 guests consisting of elected officials, COG representatives, city and county staff from the San Joaquin Valley and Salinas Valley areas, school district leaders, non-profits, Chamber of Commerce, and representatives of several other leading organizations.

The event began with remarks from Trinidad Rodriguez, Chairman of Fresno COG and Mayor, City of Kerman. Further opening remarks were made by Zach Scrivner, Vice-Mayor of Bakersfield. Mr. Iwasaki and Mr. Assemi were then introduced by Harry Armstrong, Mayor, City of Clovis, and Chairman of the Fresno County Transportation Authority.

Comments ensued from Cal-TRANS Director Randy Iwasaki, who spoke about issues related to Cal-TRANS and the issues concerning the central San Joaquin Valley, including Proposition 42. CTC Commissioner Darius Assemi then presented remarks concerning the efforts of the CTC to represent the transportation issues facing the San Joaquin Valley, including the opportunities offered through SB 4. The session was then opened to the audience, who were given time to ask questions to Mr. Iwasaki and Mr. Assemi.

Closing remarks were made by Fresno City Councilman, Blong Xiong. Steve Samuelian, of California Consulting, LLC, spoke about the lobbying issues facing the valley in Sacramento and how fortunate the Valley is to have Mr. Iwasaki and Mr. Assemi in leadership posts. Fresno City Council President, Cynthia Sterling, presented a certificate from her office to the honored guests. Additional certificates of congratulations and resolutions were presented to Mr. Iwasaki and Mr. Assemi from the offices of Fresno City Council members Henry T. Perea and Blong Xiong; Assemblyman Danny Gilmore; Congressman Jim Costa; and the County of Fresno.

Governor's Budget Preview

California Consulting has been closely monitoring the discussions and conversations surrounding the Governor's proposed budget due to be released this Friday. The following observations are based on my conversations and insight given to me by Members and Staff at the State Capitol:

The State is facing a budget deficit of more than \$20 billion.

The Governor is expected to call for major reductions in local mass transit programs and also call for an expansion of oil drilling off the Santa Barbara coast. The Governor is also expected to ask the federal government for approximately \$8 billion in assistance.

If the \$8 billion in federal aid is not delivered the Governor is expected to severely reduce or possibly eliminate CalWORKS, the state welfare program as well as the in-home health care services program for the disabled and elderly poor. He also will likely eliminate two tax breaks for large corporations that the Legislature recently passed.

The Governor is also expected to propose extending a reduction in the state payroll that is scheduled to expire in the Summer of 2010. The reduction has translated into 200,000 state workers getting furloughed three days per month or the equivalent of a 14% pay cut. The Legislature would have the option of extending the furloughs or imposing layoffs or some form of a combination of both.

MASS TRANSIT:

This issue is of major concern to COG's, Rural Transit Agencies, and local governments across California. The \$1 billion in mass transit and other transportation money the Governor may propose cutting is supposed to be "off limits" to the state for the purposes of plugging budget deficits. Previous court rulings have declared previous attempts to be illegal. The Governor may propose to get around those court rulings through a complex tax swap. The swap would eliminate the existing sales tax on gasoline and at the same time a new per-gallon excise tax would be imposed. The price at the pump would drop about 5 cents per gallon. However, the swap would effectively gut Prop. 42 that protects how current gas taxes are spent. Public transit including buses, rail and other forms of mass transportation now receive 20% of all gas sales tax. After the swap, that requirement would no longer be in existence. The tax swap could also damage schools as it would result in the share of tax revenues they are entitled to under state law dropping by more than \$800 million.

The Governor has been a friend to local governments throughout his time in office and a special friend to the San Joaquin Valley.

We will continue to monitor these developments and work with his staff to support his proposal where we can. On items in his proposal that we cannot support (prop. 42 tax swap if it is in his proposal), we will work hard to share the concerns of our clients and advocate for changes in the proposal.

Once the proposal is officially released we will send out a new update with the details.

Grants Update

California Consulting, LLC continues to write many of the most complex and challenging federal, state and private foundation grant applications for our clients. To date, the company has generated over \$1.3 billion through state and federal avenues for our client's needs.

During January, 2010 our grant writers are writing several applications for clients including the following applications (partial list) Readiness and Emergency Management in Schools grant; Elementary

and Secondary School Counseling grant; Teaching American History grant; After School (Ases) grant; Migrant Education grant; the anti-gang CalGRIP grant; Office of Traffic Safety grant for police departments; Arts in education grant; the Emergency Operations Center grant; USDA Rural Development Community Facilities grant, and several others.

California Consulting has just passed the 200 mark! California Consulting grant writers have written 201 successful federal, state, and private foundation grant applications for our clients since inception of the company in 2004. That's 201 applications that were FUNDED for clients!

Budget Conference Call

January 8, 2010 the Governor released his 2010-11 proposed State Budget. As part of this e-mail please find the following:

1. My notes from today's Budget Conference call.
2. Here is a link to the Department of Finance budget summary:

http://www.dof.ca.gov/budget/historical/2010-11/governors/documents/Supplementary_Budget_Summary.pdf

California Consulting participated in a conference call with top state leaders including:

Secretary Dale Bonner, BTH
Mark Hill, California Department of Finance

The participants on the call outlined the state budget proposal the Governor released today.

Key components of the proposal are as follows:

There has been a 30% reduction in revenues to the State.

Governor has called a special session of the Legislature because of \$20 Billion deficit (\$6 billion this year and \$14 billion next year). Special session will not deal with entire state budget but only with select items that Governor wants to deal with now that can save money and be one quickly. About \$8.9 billion of the solution would be taken up in the special session under the Governor's proposal.

Governor would like to keep K-12 at generally at current levels and give a slight increase to higher education

Overall:

\$8.5 billion cuts: Major cuts to Medi-cal, Corrections, IHSS,
\$7 billion in federal money that California has requested and the Governor believes the state deserves.
\$4 billion in alternative funding
\$600K in additional revenue that is not new taxes.

Transportation area: Gov. proposes starting in 2010-11 to eliminate gas tax that funds Prop. 42 and public trans. account revenues and replace it with \$2 billion in excise taxes that will fully re-pay the streets and highway accounts and off set some debt service and assist the general fund and inner city rail from that pot of money. HUTA stays the same but the new excise tax replaces Prop. 42. The excise tax could be used for any local street and roads. Under Prop. 42 previously the money had to be used for maintenance. New funds would be under same regulations as HUTA not the same regulations as Prop. 42. Different protections would apply to new money, the new money would have HUTA protections not Prop. 42 protections. It is generally about a \$1 billion hit to transit funding. Result is a five cent reduction per gallon in cost of gasoline will help consumers, truck drivers, will stimulate the economy, etc.

Mark Hill from Department of Finance says he believes this tax swap proposal will require a 2/3's vote of the Legislature.

Large Prop. 1B expenditures in proposed budget as well as significant High Speed Rail expenditures. Even Traffic Congestion Relief Fund. "Capital" projects will be funded in the budget but from the "bonds" not from general fund dollars.

Local Government: Most of local government programs will remain the same as last budget. Mandates continue to be suspended. Use red light cameras as speed enforcement tools and for state to derive \$300 million (split 85% to state and 15% to local governments).

Corrections: Prisoners that serve short terms in state prisons will be shifted to jails. Saves state \$400 million.

NEW CLIENTS

California Consulting, LLC is pleased to welcome the Farmersville Unified School District and the Greenfield Unified School District as our newest clients. Both districts hired California Consulting in January 2010 and join the growing list of California Consulting clients.

New Staff Member

California Consulting is pleased to announce that Jeremy Brill has joined the firm as a full time project Manager at the Fresno office.

Jeremy was born and raised in Fresno, California. After graduating Clovis West High School, he attended the University of California at Santa Barbara and received a Bachelor's Degree while majoring in History.

Jeremy is active in coaching freshman football at Clovis West High School. Additionally, he has been active with Destination Imagination (formerly Odyssey of the Mind) as a participant and more recently a judge.

Jeremy enjoys playing sports, the great outdoors, reading (especially historical books), and following current events in his free time.

Jeremy will be responsible for project management and other client relations related duties and will be based at the company's Fresno office.

HAPPY NEW YEAR from all of us at California Consulting, LLC!!!

See our newest links on LinkedIn.com and Facebook:

<http://www.Linkedin.com/companies/450300>

<http://www.facebook.com/group.php?qid=167533966354>

Be sure to check our website out at:

<http://www.californiaconsulting.org>

California Consulting, LLC

1530 E. Shaw Ave., Suite 114

Fresno, CA 93710

Phone: (559) 244-0801

Fax: (559) 244-0804

E-mail: carrol@californiaconsulting.org