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State of California—Health and Human Services Agency  
**California Department of Public Health**



ARNOLD SCHWARZENEGGER  
*Governor*

December 23, 2008

**To: Current or Future Grant Recipients of Proposition 50 and 84 Funding  
from California Department of Public Health,  
Division of Drinking Water and Environmental Management**

**Subject: Information on Department of Finance Budget Letter 08-33**

On December 17, 2008, the State of California, Pooled Money Investment Board (PMIB) approved an action which affects State bond programs, including those funded out of Propositions 50 and 84. Specifically, the California Department of Public Health (CDPH) has been directed, via a Department of Finance Budget Letter (BL) 08-33, to immediately:

- 1) Cease entering into any new construction, grants, loans or other agreements that commit the expenditure of bond funds, and
- 2) Instruct all grant or loan recipients of bond funds to cease from entering into any new construction or other agreements or contracts that would be funded from bond funds.

Additionally, effective December 17, 2008 all bond funded disbursements have been frozen until further notice. CDPH has been informed that the PMIB intends to convene in early January 2009 to discuss disbursement of bond funds to pay existing invoices.

Propositions 50 and 84 invoices are on hold and CDPH will not issue new Proposition 50 and 84 funding agreements or letters of commitment until such time as sufficient funds are made available to CDPH.

You are hereby instructed not to enter into any new construction, or other agreements or contracts that would be funded, in any part, from Proposition 50 and/or 84 grants.

The severity of this action reflects the enormity of the state's current budget crisis. At this time, CDPH does not know when or if disbursements will resume. CDPH will continue to review documents submitted by applicants, though no commitment, funding agreement, or disbursement of Proposition 50 or 84 funds will occur.

At this time, it appears that projects funded through the CDPH Safe Drinking Water State Revolving Fund (SRF) are not impacted and CDPH will continue to process payments for those projects. However, please note if a project is receiving SRF funds along with other bond funds, that the bond funded portion of the project will be impacted.

For your information, below is specific relevant language from the BL 08-33:

*“Effective immediately, all state entities that have expenditure control and oversight of General Obligation and lease revenue bond programs shall:*

- 1. Cease authorizing any new grants or obligations for bond projects, including new phases for existing projects.*
- 2. Suspend all projects, excluding those for which Department of Finance (DOF) authorizes an exemption based on criteria described unless the contracting entity can continue with non-state funding sources (private, local, or federal funds).*
- 3. Freeze all disbursements on AB 55 loans [Proposition 50 and 84 grants] that were not authorized nor submitted to the Controller for payment prior to December 17, 2008.*
- 4. Instruct all grant or loan recipients not to enter into any new construction, other agreements or contracts that would be funded from AB 55 [Proposition 50 and 84 grants].”*

The Department of Finance BL 08-33 is available at:

[http://www.dof.ca.gov/budgeting/budget\\_letters/documents/BL08-33.pdf](http://www.dof.ca.gov/budgeting/budget_letters/documents/BL08-33.pdf)

The above information represents what is currently known to CDPH. We will communicate additional information as soon as it becomes available. Please direct any questions via email at [prop50@cdph.ca.gov](mailto:prop50@cdph.ca.gov). You can also contact us at (916) 449-5600, but due to the heavy call volume expected, we recommend using the email address above.

Sincerely,



Gary H. Yamamoto, P.E., Chief  
Division of Drinking Water and Environmental Management