

DEPARTMENT OF TRANSPORTATION

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*Flex your power!
Be energy efficient!*

February 19, 2009

Dear Proposition 1B Recipients:

As you are aware, the State Legislature passed a budget to address the projected \$42 billion budget deficit. The budget includes spending reduction, revenue increases, economic stimulus, and government reform. The agreement balances the budget and puts Californians back to work.

I am pleased to inform you that, as result of the budget agreement, the State will not be forced to suspend work on 98 previously exempted Proposition 1B projects with construction contracts awarded prior to December 17, 2008. The passage of the budget will allow the California Department of Transportation (Caltrans) to continue work on these projects and to continue to reimburse local agencies for the work on contracts awarded by local agencies on their exempted projects. We are hopeful that the passage of the budget combined with improvements in the financial market will allow the California State Treasurer (State Treasurer) to resume sale of general obligation bonds to allow completion of the 98 projects.

An additional 57 projects received allocation of Proposition 1B funds but were not considered for an exemption as these projects had not, according to our records, awarded a construction contract before December 17, 2008. I again strongly recommend that you not enter into any new contract or make any other commitment that requires Proposition 1B funds for these projects. The passage of the budget does not provide the State with sufficient resources to reimburse agencies for costs on these projects until the State Treasurer is able to resume the sale of bonds for Proposition 1B purposes.

The projects that have received an allocation of Proposition 1B funds can be found at the Web site listed below. The referenced document includes the 98 projects with an awarded construction contract as well as the 57 projects that did not have an awarded construction contract by December 17, 2008. The projects are also sorted by those with construction contracts awarded by Caltrans and those with construction contracts awarded by others.

<http://www.dot.ca.gov/hq/transprog/ibond/081222Combined-PMIAlist.pdf>

I will continue to keep you informed of the latest developments. Thank you for your patience during this difficult budget situation. If you have any questions regarding this matter, please contact Ross Chittenden, Proposition 1B Program Manager, at ross_chittenden@dot.ca.gov or at (916) 654-4252.

Sincerely,

A handwritten signature in black ink that reads "Will Kempton" with a long horizontal flourish extending to the right.

WILL KEMPTON
Director

c: Dale E. Bonner, Secretary, Business, Transportation and Housing Agency
John Barna, Executive Director, California Transportation Commission
Ross Chittenden, Proposition 1B Program Manager