

From: **DLRP Watershed Grant Program** <WCGP2007@conservation.ca.gov>

Date: Fri, Dec 19, 2008 at 4:00 PM

Subject: Critical Information for Watershed Coordinator Grant Program

To: DLRP Watershed Grant Program <WCGP2007@conservation.ca.gov>

Cc: "Lowrie, John" <John.Lowrie@conservation.ca.gov>, "Chun, Gail" <Gail.Chun@conservation.ca.gov>, "Thesell, David" <David.Thesell@conservation.ca.gov>, "Limpach, Scott" <Scott.Limpach@conservation.ca.gov>, "Di Stefano, Jenny" <Jenny.E.DiStefano@conservation.ca.gov>

Dear Grantee,

You are no doubt aware of the serious fiscal crisis currently faced by the State of California. We are contacting you with information on how the State's fiscal situation is affecting the Watershed Coordinator Program and your grant agreement. On December 17, 2008, the Pooled Money Investment Board (PMIB) approved an action which affects state bond programs, including those funded out of Proposition 50. Specifically, we have been directed to do the following: 1) immediately cease entering into any new construction, grants, loans or other agreements that commit the expenditure of bond funds, and 2) immediately 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, the State Controllers' Office indicated that effective December 17, 2008 all bond funded disbursements would be frozen until further notice. Another Board meeting will convene in early January 2009 to further address the issue.

The severe budget situation has caused the Pooled Money Investment Board (PMIB) to freeze all funding for General Obligation bond programs (including the Proposition 50 bond program, which supports your grant agreement). The PMIB has taken this action to preserve necessary cash resources to pay the day-to-day operational needs of the state for the balance of the fiscal year, pending further action by the PMIB in January.

The severity of this action reflects the enormity of the current budget crisis and until the issue is resolved, we unfortunately are unable to indicate when or if disbursements will resume. We regret the hardship this places on our grantees and hope for a quick solution to ensure the successful completion of the Watershed Coordinator Grants.

The Department of Conservation has been instructed to take the following actions effective December 17, 2008:

- Suspend all grant-funded projects;
- Suspend all payments on existing grants, including those with invoices in process, until further notice;
- Stop authorizing any new grants.

It is with deep regret that we must request that you stop work on your grant, unless you can continue the work using other funding sources. We will not be able to pay any invoices that have not already been paid by close of business December 17, 2008. This includes invoices received by the Division of Land Resource Protection that were moving through the invoicing process.

We recognize the hardship that this causes and regret having to relay such unfortunate information. Please be assured that we will keep you informed of any changes as quickly as possible. In the meantime, please feel free to contact me or your assigned grant manager, David or Gail with questions.

Sincerely,

John M. Lowrie

Watershed Program Manager

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