

THE REALITIES OF RECESSION IN CALIFORNIA:

A STATEWIDE REPORT BY
U.S. SENATOR BARBARA BOXER

DECEMBER 2008



– U.S. Senator Barbara Boxer (D-CA), leading a roundtable discussion on the housing crisis in Riverside, California on January 11, 2008

INTRODUCTION:

During the first week of December, 2008, Senator Boxer and her staff reached out to local elected officials and administrators in California's 58 counties and 20 cities to garner specific information about the effects of the economic recession on their communities. Senator Boxer's key objective in obtaining this information was to get a thorough understanding of the economic challenges facing California as she works with Congressional leaders and President-elect Barack Obama to craft an economic recovery package that meets the State's needs.

"As a former County Supervisor, I know that our local officials are on the front lines of this recession. The information they have provided is so important to me as I begin to work with this new Administration to address our economic challenges and promote growth and stability throughout our State." – U.S. Senator Barbara Boxer (D-CA), December 2, 2008

EXECUTIVE SUMMARY:

California's budget crisis and housing crisis, combined with the worldwide economic downturn, have placed massive strains on California's finances.

California lost more than 100,000 jobs in the past year, and its unemployment rate is 8.2 percent Statewide—the highest in 14 years.

Through the first three quarters of 2008, 189,000 California homes were lost to foreclosure. In cities like Los Angeles, San Francisco and San Diego, housing prices have declined 25 percent. And the Joint Economic Committee estimates that California Statewide home prices will fall 17 percent between 2007 and 2009, resulting in a net loss of over \$1 trillion in housing wealth.

The budget-gap and revenue reductions have forced counties and cities to make cuts in many important programs, including public safety programs, Medi-Cal services, mental health services, meals on wheels, and youth and senior centers. As a result, non-governmental charitable organizations have been stretched to the brink.

In addition, a lack of liquidity in the short-term municipal bond market is placing great stress on California's State and local governments. This is not only straining local budgets, but limiting job growth as critical infrastructure projects are stalled due to financing problems.

ALAMEDA COUNTY

Population: 1,526,148

Unemployment rate: 7.1%

Foreclosure filings Jan-Nov 2008: 26,062 (1 per every 21 households)

Local Contact: Patrick O'Connell, Auditor-Controller, Alameda County

Boxer Staff Member: Mike Ohleyer

Date Contacted: December 3, 2008

Alameda County is constantly making efforts to pare its budget costs down, so it currently has not been forced to delay or cancel any programs due to falling revenues. However, departments throughout the County have imposed hiring freezes for non-essential positions, and are carefully reviewing those positions which need to be filled. Alameda County's budget next year will depend largely on actions taken by the State. The County has found that credit is available for its day-to-day operations, but rates are volatile.

The foreclosure rate is high in the County, but it does not yet have specific numbers on the losses due to foreclosed homes. Tax delinquency is increasing, real estate sales are down, and there are less transfer taxes coming into the County's budget. Assessment appeals have also increased – the County typically receives 3,000 requests for reassessment a year; there are currently 9,000 requests.

Crime rates in many parts of Alameda County are declining. However, the City of Oakland continues to struggle with a high crime rate.

Non-governmental charitable organizations in the County are hard-pressed to meet needs. The Alameda County Community Food Bank, the County's clearinghouse for donated food, is struggling to keep pace with a 40 percent increase in demand over last year's numbers. For the first time in many years, it had to temporarily shut down its emergency referral service line in the weeks leading up to Thanksgiving because it could not meet demand.

ALPINE COUNTY

Population: 1,222

Unemployment rate: 11 %

Foreclosure filings Jan-Nov 2008: 3 (1 per every 569 households)

Local Contact: Pamela Knorr – County Administrative Officer, Alpine County

Boxer Staff Member: Ameen Khan

Date Contacted: December 2, 2008

Alpine County is experiencing cash flow difficulties. The County's Public Works Department is \$1.1 million in debt. Contributing to the County's cash flow problems are delays in payments from the State and the decrease in forest receipts.

The County has had to layoff 12 employees, which has diminished its total current workforce to 60. The County has had to scale back its social service programs and reduce the hours of its library and museum. The County is not seeking credit to meet its day-to-day needs.

In terms of housing, the loss of tax revenue for Alpine County has more to do with requests for reassessments of multi-million dollar homes in Kirkwood and Bear Valley than with foreclosures.

The County's charitable services remain intact because of its small population.

AMADOR COUNTY

Population: 37,943

Unemployment rate: 8.2 %

Foreclosure filings Jan-Nov 2008: 435 (1 per every 39 households)

Local Contact: Terri Day – County Administrative Officer, Amador County

Boxer Staff Member: Ameen Khan

Date Contacted: December 4, 2008

Amador County does not have any solvency issues because historically they have budgeted conservatively. The County relies heavily on the property tax base as it generates very little sales tax.

Although the County has not had to cancel programs due to falling revenues, the County has laid off 5 employees.

Amador County does not rely on credit for day-to-day needs or other job-creating projects, but recently it had to turn down a \$22 million State grant for the building of a new jail because it did not look likely that it could borrow the required \$7 million local match in this market.

The County has experienced an increase in crime and code violations as a result of foreclosed and empty properties.

Currently, charitable services in the County are stretched. The number of first time applicants for social services has dramatically increased.

BUTTE COUNTY

Population: 22,407

Unemployment rate: 8.1% as of October 2008

Foreclosure filings Jan-Nov 2008: 1,915 (1 per every 49 households)

Local Contact: Michael Spata, Assistant Chief Administrative Officer for Butte County

Boxer Staff Member: Brandon Ida

Date Contacted: December 1, 2008

Butte County has a \$10 million deficit in its budget for fiscal year 2008-2009. The budget has been affected by a reduction in property tax, sales tax and vehicle license fee revenue. To date, the County has not had to eliminate staff positions.

As a result of its budget shortfall this year Butte County has been forced to reduce some health and human services at a time when it is seeing increased demand.

Butte County recently exhausted an interim bond measure of \$25 million, and has not gone back to the bond market for more credit.

Foreclosures in the County have not been as bad as some of the more urban Counties. It is in the process of going through a property tax reassessment and will have revenue projections in January.

CALAVERAS COUNTY

Population: 46,127

Unemployment rate: 9.5% as of October 2008

Foreclosure filings Jan-Nov 2008: 885 (1 per every 30 households)

Local Contact: Supervisor Steve Wilensky, Chair, Calaveras County Board of Supervisors

Boxer Staff Member: Ameen Khan

Date Contacted: December 2, 2008

Calaveras County is expecting short and long-term solvency issues. The County has been dealing with a \$1.5 million structural deficit for the past three years and revenues from all sources are expected to decrease.

Many road maintenance programs in the County have been put on hold because the County's road maintenance funds are short between \$600,000 and \$700,000.

The County is experiencing staffing concerns. Social services caseloads have doubled and even tripled in some areas, and the County cannot afford to hire the staff necessary to properly address this increase. Additionally, the County laid off half of its building department, due in no small part to the depressed housing market.

Calaveras County has been affected by foreclosure activity. Foreclosures and market factors are leading to the devaluation of home prices, which will lessen County tax revenue. Furthermore, the County has reported increased crime in and around foreclosed properties and abandoned construction projects.

For the first time in recent history, the County's three food banks have run out of food to serve their communities.

COLUSA COUNTY

Population: 21,910

Unemployment rate: 11.8% as of October 2008

Foreclosure filings Jan-Nov 2008: 301 (1 per every 24 households)

Local Contact: Thomas Indrieri, Chair of the Colusa County Board of Supervisors

Boxer Staff Member: Brandon Ida

Date Contacted: December 3, 2008

For the first time in five years Colusa County has a small reserve in their budget, but they are watching to see if the State budget will reduce funding to counties. The County has cut funding for some programs, but they are maintaining service levels in those programs and have not made any layoffs. Colusa County has not had problems securing credit at this point.

Colusa County has seen a 14 percent reduction to the amount of property tax revenue they typically receive, but has not seen a significant increase in crime or code violations due to foreclosures and empty properties.

The charitable services in the County have seen a greatly increased demand, but have seen a reduction in donations and supplies.

CONTRA COSTA COUNTY

Population: 1,051,674

Unemployment rate: 7% as of October 2008, compared to 4.8% last year

Foreclosure filings Jan-Nov 2008: 29,349 (1 per every 13 households)

Local Contact: Supervisor Federal Glover, Chair, Contra Costa County Board of Supervisors

Boxer Staff Member: Hilary Pearson

Date Contacted: December 1, 2008

Contra Costa County is facing a dismal budgetary situation. They have lost \$116 million in property taxes because of the high foreclosure rate in the County. County Administrator David Twa has predicted more revenue losses – a 2 percent to 8 percent decline in assessed property values next year. Lost revenue from sales tax has not been calculated yet but the County is preparing itself for a loss.

On December 9, 2008, Contra Costa Supervisors cut \$18.5 million from the Employment and Human Services Department, sending more than 100 pink slips to department employees. These cuts could eliminate 203 positions, about half of them staffed. The County focused on cutting funds from the Employment and Human Services Department because of a loss in State funding. Administrator Twa warned that in February 2009, the board should expect to cut an additional \$10 million to \$24 million from the budget, not including whatever funding gaps may arise when the State balances its \$28 billion deficit. Several positions are currently unfilled in a variety of County departments.

The County indicated that it is seeing mixed results from the HUD-sponsored "homeowner counseling" agencies. For instance, of 400 homeowners counseled by one local agency, only 50 loans have been renegotiated. The County believes that banks and lenders need to be more helpful in this national emergency.

DEL NORTE COUNTY

Population: 29,419

Unemployment rate: 8.9%

Foreclosure filings Jan-Nov 2008: 111 (1 per every 99 households)

Local Contact: Jeannine Galatioto, County Administrator, Del Norte County

Boxer Staff Member: Megan Miller

Date Contacted: December 2, 2008

A declining timber industry and poor fishing seasons for the past several years, combined with the recent downturn in the economy, have put substantial financial pressure on Del Norte County. There is also concern that a proposed increase in State sales tax might further increase losses to the local economy from residents crossing over into Oregon to purchase goods at lower prices.

To address budget shortfalls, Del Norte County cut 30 positions and had to layoff 6 people (out of a workforce of 450). The County has also curtailed its Healthy Families Program and closed a Boys & Girls Club located on an Indian reservation. The County is fighting to keep its other Clubhouse open. Del Norte County is working with the community and nonprofit organizations in a coordinated effort to limit the negative impact of falling revenues.

Foreclosures have not been a major problem for Del Norte County since it is very rural and has seen relatively little housing construction over the past few years. The County has not yet witnessed a notable increase in crime rates.

EL DORADO COUNTY

Population: 179,772

Unemployment rate: 7.3% as of October 2008

Foreclosure filings Jan-Nov 2008: 2,984 (1 per every 27 households)

Local Contact: Gayle Erbe-Hamlin, El Dorado County Chief Administrative Officer

Boxer Staff Member: Brandon Ida

Date Contacted: December 3, 2008

El Dorado County has a \$10 million shortfall in its budget for this year. The County has eliminated 100 positions, 40 of which were unfilled and laid off 60 employees. The current unemployment rate in the County is up 2.3 percent from last year to 7.3 percent.

As a result of the County's budget situation, it has been forced to make some reductions in its health and human services department.

The County currently estimates a \$1 billion loss to the property tax base due to foreclosures and reduction in property values.

FRESNO COUNTY

Population: 931,098

Unemployment Rate: 11.4% (October)

Foreclosure filings Jan-Nov 2008: 17,750 (1 per every 17 households)

Local Contact: John Navarette, CAO/Jeanette Ishii, Deputy CAO

Boxer Staff Member: Tom Bohigian

Date Contacted: December 2, 2008

Property and sales tax revenues are off \$1.5 million and \$4.6 million respectively for the fiscal year. Some incremental employment cuts have been made, with more expected. Community health and mental health programs will see cuts, particularly as the State moves to balance its budget. Public safety budgets will likely see serious impacts going forward. Foreclosures will further impact County revenues as property valuations drop.

Public assistance costs are up between \$2-2.5 million so far. Food banks are seriously stressed with increased demand and reduced contributions.

Bond financing is not presently available. Unemployment is expected to increase in 2009.

GLENN COUNTY

Population: 29,195

Unemployment rate: 9.4% as of October 2008

Foreclosure filings Jan-Nov 2008: 301 (1 per every 35 households)

Local Contact: David Shoemaker, Glenn County Chief Administrative Officer

Boxer Staff Member: Brandon Ida

Date Contacted: December 1, 2008

Glenn County is currently facing a cash flow problem. As a result of the downturn in the economy, the County canceled its plans for a general plan update. To date, the County has not had to lay off any employees, but it has eliminated 25 positions and frozen hiring on 25 more. Glenn County does not typically go through the bond process to get funds, but it is having trouble getting funds it typically receives from the State.

Glenn County has one of the lower foreclosure rates in California and does not have a current estimate to its losses as a result of the housing downturn and foreclosures. The County is experiencing code enforcement problems with foreclosed and empty properties.

HUMBOLDT COUNTY

Population: 132,821

Unemployment rate: 6.5%

Foreclosure filings Jan-Nov 2008: 452 (1 per every 130 households)

Local Contact: Phillip Smith-Hanes, Assistant CAO, County of Humboldt

Boxer Staff Member: Megan Miller

Date Contacted: December 1, 2008

While Humboldt County currently has a balanced budget, County officials are deeply concerned about the potential impact of budget cuts at the State level. The County's policy is to cut programs if the State funding for them no longer exists. As a result of recent cuts at the State level, the County recently had to cut a crime deterrent program for mentally ill offenders. The County was able to make up the difference in funding to continue the juvenile program, but the adult program has been cut.

Humboldt County has not had to layoff any employees and does not anticipate doing so in the short term. In the early part of the decade the County restructured its budget, which has helped to keep the budget balanced in the current recession. The County has not needed to issue debt for day-to-day operations in nearly a decade.

While residential foreclosures have not had much of an impact on Humboldt, the County has experienced a huge loss of revenue due to the closure of commercial businesses. Evergreen Pulp Inc., for example, announced on October 8th of this year that it would be temporarily shutting down operations at its plant located just outside of Eureka, until the pulp market rebounds. It is unclear when or if the mill will reopen. This resulted in a loss of 200 jobs in Humboldt County.

IMPERIAL COUNTY

Population: 176,158

Unemployment rate: 27.6%

Foreclosure filings Jan-Nov 2008: 2,843 (1 per every 18 households)

Local Contact: Ralph Cordova Jr., Chief Executive Officer, Bob Hamm, Government Relations, and Jack Terrazas, Supervisor-elect

Boxer Staff Member: Caridad Sanchez

Date Contacted: December 3, 2008

Assuming limited State budget cuts and intra-county reorganization, Imperial County will end 2008, 5-7 percent in the red. Imperial County's economy is also closely tied to Mexico, and long border waits and the devaluation of the Peso have resulted in Mexicans spending less in Imperial County. The County expects sales tax could decrease as much as 40 percent in 2009.

This year, the County has used one-time money for day-to-day expenses and therefore it has limited reserves left. There have been no layoffs to date because of a hiring freeze. Programs have not yet been eliminated or delayed. The County is not yet having issues with obtaining credit.

The foreclosure rate is 4 percent. The County estimates losing between 10-12 percent of tax revenue, which for 2008 means approximately \$6 million loss. There has been an increase in property crimes as a result of foreclosures.

INYO COUNTY

Population: 18,152

Unemployment rate: 7.3 %

Foreclosure filings Jan-Nov 2008: 50 (1 per every 182 households)

Local Contact: Kevin Carunchio, CAO, Inyo County

Boxer Staff Member: Ameen Khan

Date Contacted: December 8, 2008

Inyo County depends on the State and Federal government for 45 percent of its general funds, so it stands to be significantly impacted if there are significant reductions from these sources. The County has not delayed or canceled programs just yet, but they are on the brink of having to do so. Social service and public safety programs are being stretched very thin. A decrease in State funding could force the County to have to make some cuts in the middle of the budget year.

Trouble in the credit market has impacted the County, which had to terminate a line of credit that was used to pay for network and financial systems upgrades because the terms became too unfavorable.

While the County does not estimate a significant loss of tax revenue due to foreclosures, it is expecting an 8 percent reduction in property taxes as a result of the reassessed values of properties.

KERN COUNTY

Population: 817,517

Unemployment rate: 9.9 % as of October 2008

Foreclosure filings Jan-Nov 2008: 23,971 (1 per every 11 households)

Local Contact: Allan Krauter – Legislative Analyst (on behalf of County Administrator, Ron Errea)

Boxer Staff Member: Ameen Khan

Date Contacted: December 2, 2008

As a result of the revenue from its oil production and sales, Kern County is operating on a balanced budget. However, the County is projecting a 10 percent drop in all revenues because of the economic downturn. The County has taken steps to reconfigure certain departments in order to put off having to delay or cancel programs. If the current economic climate continues, then the County expects to have to delay or cancel programs in the future. To date, the County has cut 16 positions from its Children Services Department.

The County is not currently looking to secure credit to meet its day-to-day needs or infrastructure projects.

The County doesn't count the decrease in tax revenue as a complete loss because it anticipates that it will eventually collect the property tax on any given property as long the property changes ownership in the future. Because of the increase in vacant and abandoned properties, the County has assigned extra police beats to neighborhoods with high vacant home rates and taken over the clean up of swimming pools in vacant properties in order to address the threat of West Nile Virus in Kern County.

KINGS COUNTY

Population: 154,434

Unemployment rate: 10.9 %

Foreclosure filings Jan-Nov 2008: 1,538 (1 per every 27 households)

Local Contact: Deb West, Assistant County Administrative Officer, Kings County

Boxer Staff Member: Ameen Khan

Date Contacted: December 5, 2008

Kings County historically budgets very conservatively and has not been impacted as much as other Counties throughout California.

The County has yet to cut back or cancel any of its programs, but it has implemented a hiring freeze, leaving some County needs unmet.

The County described its effort to recently secure credit for a construction project as “very difficult” due to current conditions in the markets.

The County believes the high volume of properties to be reassessed will produce a significant loss in terms of revenue. Currently, more than 1,000 properties are in line for reassessment, and if property values continue to decrease, the County’s tax base will decrease as well.

LAKE COUNTY

Population: 64,059

Unemployment rate: 11.2%

Foreclosure filings Jan-Nov 2008: 1,586 (1 per every 22 households)

Local Contact: Kelly Cox, County Administrator, Lake County

Boxer Staff Member: Megan Miller

Date Contacted: December 2, 2008

Lake County has one of the highest unemployment rates in the State and is facing increasingly difficult times financially. Many of Lake County's sources of discretionary spending are in steep decline, including sales tax, property tax, bed tax and construction permits.

At this time, Lake County has not yet needed to outspend revenues. However, County officials are concerned that they will not be able to make up for falling revenue from both the State and the Federal governments. Although the County has not yet had to cut any major programs or layoff employees, it has put a hold on capital and infrastructure projects.

Foreclosures have been a big problem for Lake County. Foreclosure sales can be observed in front of the courthouse almost daily, whereas this used to be a rare occurrence.

Over the past several months the County's welfare caseload has increased dramatically, as has demand for food stamps. The local food bank is struggling to meet the increased needs of the community. The CAO has created an ad hoc committee for economic development to help the County identify ways of stimulating the local economy, in an attempt to mitigate the negative impact of falling revenues.

LASSEN COUNTY

Population: 35,757

Unemployment rate: 8.4% as of October 2008

Foreclosure filings Jan-Nov 2008: 189 (1 per every 67 households)

Local Contact: John Ketelsen, Lassen County Chief Administrative Officer

Boxer Staff Member: Brandon Ida

Date Contacted: December 1, 2008

The Lassen County budget is not in a deficit for this year, but the County's reserve is at its lowest amount in 10 years.

Due to its budget situation Lassen County has been forced to delay programs it wanted to start over the past two to three years.

The County typically does not go to the bond market to complete projects; it normally applies for Federal grants.

Lassen County does not have any current projections on its loss of tax revenue due to the downturn in the housing market and foreclosures. The County has experienced some code enforcement problems and has reassigned personnel from its building department to help with code enforcement.

LOS ANGELES COUNTY

Population: 10,363,850

Unemployment rate: 7-9%

Foreclosure filings Jan-Nov 2008: 140,763 (1 per every 24 households)

Local Contact: Sharon Harper – Chief of Staff to County CEO William Fujioka

Boxer Staff Member: Adolfo Bailon

Date Contacted: December 2, 2008

The County of Los Angeles currently has sufficient one-time reserves to offset losses in sales tax, deed transfer and property tax revenues in fiscal year 2008-09. State reductions to date have impacted the County's budget by \$137.6 million, significantly affecting programs such as CalWorks, In Home Supportive Services, Medi-Cal Administration, and mental health programs. However, there have been no County employee layoffs to date.

Over \$80 million in County projects were deferred in October of 2008 and officials are looking at another \$158.5 million in deferrals to be presented to the Board of Supervisors on December 16, 2008. The availability of credit has also become an issue as officials have been limited to issuing short term notes and are unable to fund major capital programs, which require long-term bonds.

The County Assessor's Office indicates that as of Nov. 30, 2008, there are 29,954 foreclosures out of 111,411 reappraisal transfers indicating a foreclosure rate of 26.89%. This compares to a rate last year of 9.85%. Sales tax revenues for "Public Safety Augmentation", "Realignment" and unincorporated County sales tax have been declining, year over year, since fiscal year 2006-07, resulting in actual and budgetary losses of \$37.7 million.

Officials have noted an increase in crime in areas with high foreclosure rates. Specifically, fire hydrants have been forcibly removed in the Antelope Valley and Fire Department Connections have disappeared in contract cities such as Pomona.

MADERA COUNTY

Population: 150,887

Unemployment rate: 9.7%

Foreclosure filings Jan-Nov 2008: 4,125 (1 per every 12 households)

Local Contact: Stell Manfredi, County Administrative Officer, Madera County

Boxer Staff Member: Ameen Khan

Date Contacted: December 5, 2008

Madera County's revenues are going to fall short of the County's conservative budgeting and revenue projections.

The County is experiencing a general decline in the assessed values of its properties, which has lowered its property tax base and affected revenue. Over the past 5 years, property values have risen on average from 7-12 percent. Any increases this year are expected to be around 3 percent. The County had anticipated a higher property tax base, which would have yielded higher revenues.

All of Madera County's programs are mandated, so they have not had to cancel or delay programs. The County does not have any immediate plans for layoffs.

While the County has not been seeking credit, it contends that securing credit at this time would be difficult.

MARIN COUNTY

Population: 257,406

Unemployment rate: 4.9%

Foreclosure filings Jan-Nov 2008: 1,734 (1 per every 62 households)

Local Contact: Office of Marin County Supervisor Charles McGlashan, Board President

Boxer Staff Member: Megan Miller

Date Contacted: December 3, 2008

Although Marin County cut \$3 million from its budget in September of this year, County officials anticipate facing a deficit of \$7 to \$11 million for fiscal year 2009-10. To address budget shortfalls, Marin County has enacted a hiring freeze and put a hold on all new projects and initiatives.

Marin County has also had to curtail programs and services. Due to budget cuts at the State level, the Mentally Ill Offenders program has been cut. The County has not yet had to layoff any employees.

Foreclosures in Marin are up 263 percent since last year, but the trend over the last few months has been downward. The County has seen an increase in crime rates, including the number of break-ins, robberies, and instances of domestic violence. County officials believe this is a result of the economic downturn generally, rather than a direct result of foreclosed or empty properties.

MARIPOSA COUNTY

Population: 18,406

Unemployment rate: 7.9 %

Foreclosure filings Jan-Nov 2008: 131 (1 per every 74 households)

Local Contact: Rick Benson – County Administrative Officer, Mariposa County

Boxer Staff Member: Ameen Khan

Date Contacted: December 2, 2008

Mariposa County has not been forced to make cut backs in programs because their current budgetary outlook is guardedly optimistic for the short term. The County does not rely on the credit market for financing and has remained relatively unscathed from the housing market downturn.

Currently, the County has not made any cut backs in social service programs due to failing revenues, however 1 employee in the Child Support Services Department has been laid off.

The County's charitable services have been strained by the summer's wildfires and not because of the economic conditions.

MENDOCINO COUNTY

Population: 90,163

Unemployment rate: 6.6%

Foreclosure filings Jan-Nov 2008: 426 (1 per every 91 households)

Local Contact: Jennifer Wyatt, Deputy CEO, County of Mendocino

Boxer Staff Member: Jenn Tang

Date Contacted: December 1, 2008

Mendocino County currently has a balanced budget, though future budgets will depend on many circumstances, such as budget cuts at the State level. To address budget shortfalls, Mendocino County may take several measures, including: possible furloughs for County employees; cutting employee benefits for FY09-10; making continued cuts to health and human services programs funded by the State and administered by the County; and making cuts to other county departments. Recently, the County's Fitch Rating went from an A to an A- due to a GASB 34 ruling. The county does not yet know how this will affect its ability to secure credit.

There is a 125 percent increase over historic foreclosure rates in the County. The County has not yet compiled any hard numbers regarding the loss of tax revenue as a result of the record high foreclosure rate, but reported that it has not yet seen an increase in crime in areas with high foreclosures. As the economy has worsened, the local food bank has become more and more overwhelmed and cannot keep up with demand. Local homeless shelters are also having trouble keeping up with demand, and have reported having trouble purchasing enough beds.

MERCED COUNTY

Population: 255,250

Unemployment rate: 11.7% as of October 2008

Foreclosure filings Jan-Nov 2008: 11,468 (1 per every 7 households)

Local Contact: Scott DeMoss – Deputy County Officer Merced

Boxer Staff Member: Ameen Khan

Date Contacted: December 2, 2008

As a result of the economic downturn and loss of revenues, Merced County has had to scale back a number of programs within its social services and public health departments. Some departments have received approval to lay off workers in the coming months, and the unemployment rate in the County is nearing 12 percent.

The County has not had trouble securing credit because the current financial climate has deterred them from doing capital planning.

Merced County has one of the highest foreclosure rates in the nation. The County does not have any firm estimates on the loss of tax revenue as a result of foreclosures, but the County Treasurer estimates that the 8.3 percent property tax delinquency rate translates to approximately \$20.4 in lost revenue for the County. Also, the Assessor's office expects another 40,000 homes will be devalued this year, a further blow to the County's property tax base. The County has seen an increase in crime around foreclosed properties and abandoned construction properties.

MODOC COUNTY

Population: 9,702

Unemployment rate: 9.1% as of October 2008

Foreclosure filings Jan-Nov 2008: 19 (1 per every 254 households)

Spoke with: Michael Maxwell, Modoc County Chief Administrative Officer

Boxer Staffer: Brandon Ida

Date Contacted: December 1, 2008

Modoc County will not know if they have a shortfall in its budget until the State budget is finalized. The County is carefully watching the State budget situation to see if funding to counties is decreased especially funding for public safety. To date, it has not made any layoffs or canceled any programs. Modoc County has not been able to finance projects in a long time; most of its projects are funded through grants or the Federal government for highway work.

Modoc County has not been hit hard by foreclosure and has not seen a significant loss in property taxes. The County has seen an increase in crimes and code violations but not necessarily related to foreclosures or empty homes.

The non-governmental charitable organizations in the County have been looking for more donations than usual, but the food bank has been meeting demand thus far this year.

MONO COUNTY

Population: 13,759

Unemployment rate: 8 %

Foreclosure filings Jan-Nov 2008: 140 (1 per every 96 households)

Local Contact: Dave Wilbrecht – County Administrative Officer, Mono County

Boxer Staff Member: Ameen Khan

Date Contacted: December 2, 2008

The County's budgetary outlook is relatively healthy due to the County's small population. The County does not borrow money to meet its obligations and has not been forced to delay or cancel programs due to falling revenues.

Recently, there have been very few home sales in the County. Given the relatively low foreclosure rate and the high property value of properties in communities like Mammoth Lakes, it is very difficult for the County to properly assess the loss in revenue as a result of the depressed housing market.

The Federal government must continue to fund health and human services programs and provide a reliable funding stream for the long term viability of Mono County

MONTEREY COUNTY

Population: 428,459

Unemployment rate: 7.1% as of October 2008

Foreclosure filings Jan-Nov 2008: 10,385 (1 per every 13 households)

Local Contact: Lew Bauman, CAO, County of Monterey

Boxer Staff Member: Jenn Tang

Date Contacted: December 1, 2008

After making budget cuts and implementing hiring freezes, Monterey County is looking at a \$25-35 million shortfall in its general fund. An anticipated significant decrease in assessed property values will also add to the budget deficit. A hiring freeze was put in place in July 2007 and infrastructure programs and first responders (sheriffs, firefighters) will likely face budget cuts. The county also anticipates cuts in State-funded social services programs and access to health care. Monterey County owns and operates Natividad Medical Center, a 172-bed acute care medical center. Also, because the county invested approximately \$1 billion in both Washington Mutual and Lehman Brothers, 60 percent of which belonged to the K-12 school system, the County may have to lay off teachers. The County's Washington Mutual-Lehman investment has put pressure on its credit rating, and the County is anticipating problems securing short-term notes.

Foreclosures are at an all-time high in Monterey County. The Assessor is also expecting a delinquency rate of approximately 5 percent, or \$28 million, from the \$563 million current tax roll. Prior year delinquent property taxes set an all time high record of \$43 million at the end of FY 2007-08. The County has seen an increase in theft and vandalism, and it suspects many other crimes are going unreported due to continuing gang issues in and around the City of Salinas.

NAPA COUNTY

Population: 136,704

Unemployment rate: 5.4%

Foreclosure filings Jan-Nov 2008: 1,637 (1 per every 32 households)

Local Contact: Britt Ferguson, Deputy County Executive Officer, County of Napa

Boxer Staff Member: Megan Miller

Date Contacted: December 2, 2008

Currently Napa County maintains cash reserves. However, the County is currently in the process of updating its 5-year budget forecast and is facing the possibility of needing to spend more than it is taking in. The biggest concern for Napa County is that officials are anticipating no increase in assessed property values next year. This year the increase was 6 percent, and the average over the past decade has been 10 percent annually.

Property taxes are a huge source of revenue for the County, so this rapid decline is a major concern. The County has not yet had to make any significant program reductions. The County has not had to layoff any employees, and does not typically borrow funds so securing credit has not been an issue.

Foreclosures have not been a huge problem for Napa County. The Deputy CEO States that meeting demand for local food banks has also not yet become a major problem.

NEVADA COUNTY

Population: 99,186

Unemployment rate: 7.2% as of October 2008

Foreclosure filings Jan-Nov 2008: 974 (1 per every 51 households)

Local Contact: Laura Matteson, Assistant Nevada County Chief Executive Officer

Boxer Staff Member: Brandon Ida

Date Contacted: December 2, 2008

The budget in Nevada County is not currently facing a shortfall. Nevada County made 10 layoffs in its building department in February due to the decreased need for staff; however, nine of those employees were able to be reassigned to other departments based on their qualifications. The County also eliminated 2.5 unfilled positions in its library system. At this time the County is not experiencing problems securing credit.

The County has been forced to put some projects on hold due to the uncertainty of funds from vehicle license fees, State funding, Federal funding and sales and property taxes. The County had planned on building a new building for its health and human services department, but has put that project on hold.

Nevada County is not currently projecting a loss in tax revenue as a result of foreclosures, and it is projecting a decline in growth of 2 percent.

ORANGE COUNTY

Population: 3,121,251

Unemployment rate: 6%

Foreclosure filings Jan-Nov 2008: 42,995 (1 per every 24 households)

Local Contact: John Moorlach, Supervisor Chair, County of Orange

Boxer Staff Member: Gina Semenza

Date Contacted: December 3, 2008

Orange County is experiencing reduced State funding, property values, and sales tax revenue. In December, the County disclosed plans to lay off 210 social service jobs along with mandating over 4,000 additional workers to take two weeks off with out pay as a direct result of anticipated reduction in State funding. Targeted employees are social workers and welfare eligibility technicians, whose work directly impacts the neediest individuals and families.

The County does not yet know the extent of recent tax loss, but the County Treasurer's office has noticed a significant increase in the use of multiple credit cards to make one property tax payment. The existing tax base is shrinking because of a slowdown with commercial buildings and a lack of new properties being built. The County does not report any significant increase in crime or code violations as a result of foreclosed and empty properties.

PLACER COUNTY

Population: 333,401

Unemployment rate: 7.4% as of October 2008

Foreclosure filings Jan-Nov 2008: 7,383 (1 per every 19 households)

Local Contact: Jim Holmes, Chair of the Placer County Board of Supervisors

Boxer Staff Member: Brandon Ida

Date Contacted: December 2, 2008

Placer County has a budget shortfall for fiscal year 2008-2009 of \$8 million. The County has made 8 layoffs in its building department mainly due to reduced need. It is also reducing administrative costs by 5 percent this year and working with employees on other cost saving measures.

Placer County is not experiencing credit problems for infrastructure projects in fact they are currently working on two projects; the Lincoln bypass and the Highway 80 widening.

Placer County has seen reduced growth and tax revenue is on a downward trend. It has not seen an increased amount of crime and code enforcement violations due to foreclosed and empty properties.

PLUMAS COUNTY

Population: 20,917

Unemployment rate: 8.8% as of October 2008

Foreclosure filings Jan-Nov 2008: 191 (1 per every 77 households)

Local Contact: Jack Ingstad, Plumas County Chief Administrative Officer

Boxer Staff Member: Brandon Ida

Date Contacted: December 8, 2008

Plumas County has made several cuts to its budget so that it would not have to dip into its reserves. The County has implemented a 25 percent reduction to its general fund and implemented work furloughs for all County employees. Some of the factors that have affected the County budget are reduced revenue from sales and property tax and increased legal fees due to legal challenges to its general plan.

As a result of reduced funds, the County has implemented an across the board cut of 20 percent to all County departments.

The County has been forced to eliminate 18.25 positions this year on top of the 12.25 positions it eliminated last year. Plumas County currently has a capital improvement bond issued. The County is concerned that the bond is secured with County property. Currently, the property is generating rent with State health and human service funds; however, if the State cuts those funds, the County will need to find other money to pay back its bonds.

Foreclosures in the County have not been as bad as some of the more urban Counties. It is in the process of going through a property tax reassessment, and will not know the final numbers until January.

RIVERSIDE COUNTY

Population: 2,088,322

Unemployment rate: 10%

Foreclosure filings Jan-Nov 2008: 88,639 (1 per every 8 households)

Local Contact: Jay Orr, Assistant CEO, County of Riverside

Boxer Staff Member: Alton Garrett

Date Contacted: December 12, 2008

The County of Riverside is operating with a structural deficit of \$12 million and plans a 25 percent reduction in its budget over the next four years. The County's current budget of \$4.7 billion represents a 5 percent reduction from the previous year and next year's budget is expected to be cut by 10 percent. These cuts are directly associated with the decline in property values caused by the high number of foreclosures. The County has instituted a hiring freeze and required each department to create a report outlining the projected effects of the budget cuts. The County currently employs over 20,000 people, and layoffs are expected to result from the findings of these departmental reports. There are concerns about having to use discretionary funds to meet State mental health and social service mandates.

The County expects to move forward with capital improvement programs because of aggressive saving in past years. Although the County's credit rating has improved to AAA, the cost of borrowing is more expensive because of the situation with credit markets.

There has been an increase in code violations associated with foreclosed properties. Many of the foreclosed homes in the 6,300 square miles of unincorporated territory are target of vandals. Foreclosed homes in urbanized areas are not sufficiently maintained. The County has created a task force to deal with blight resulting from foreclosures but there are concerns that this task force diverts resources from other priorities.

The demand for food bank and charitable services has increased. Partnerships have been formed with the Stater Bros. supermarket chain to help secure food for local food banks.

SACRAMENTO COUNTY

Population: 1,424,415

Unemployment rate: 8.1 % as of October 2008

Foreclosure filings Jan-Nov 2008: 47,271 (1 per every 11 households)

Local Contact: Terry Schutten – County Administrative Officer, Sacramento County and Linda Foster-Hall, County Budget Officer, Sacramento County

Boxer Staff Member: Ameen Khan

Date Contacted: December 3, 2008

Sacramento County's budget shortfall for fiscal year 2009-10 is expected to be between \$50-100 million. Sales tax receipts are down five percent and last year the County was forced to access a \$55 million emergency fund.

To address the budget shortfall, the County has already closed several health clinics and implemented cutbacks that have reduced the capacity of mental health clinics and the probation department. The County has also implemented a hiring freeze across all departments, although the current 10 percent job vacancy rate means that County agencies are operating below full capacity. County departments have also cut back on new purchases and adopted other cost saving measures.

The County is not currently seeking to secure credit for its day-to-day or infrastructure needs.

The rise in foreclosures and the decline in the assessed values of homes have resulted in an estimated \$15 million decrease in tax revenue for the County. The County has experienced an increase in foreclosure-related crimes like vandalism and squatting.

SAN BENITO COUNTY

Population: 57,784

Unemployment rate: Currently 9.2%.

Foreclosure filings Jan-Nov 2008: 1,875 (1 per every 10 households)

Local Contact: Rich Inman, Assistant County Administrative Officer, San Benito County

Boxer Staff Member: Hilary Pearson

Date Contacted: December 1, 2008

San Benito County is facing an uncertain budgetary situation. In the short term, it has frozen positions and is reviewing expenditures. The County claims to have a prudent reserve to get through the near future, but things will be much more difficult if the County or State falls into a long-lasting recession.

While the County has not yet delayed or canceled programs, it has imposed a hiring freeze, which it notes has put a great deal of pressure on social service programs, creating very high workloads for current employees.

The County indicated that it is experiencing an upswing in vector-borne diseases as a result of foreclosed homes with swimming pools. West Nile Virus was detected in the County two years ago, but none has been detected thus far in 2008.

SAN BERNARDINO COUNTY

Population: 2,055,766

Unemployment rate: 9.5% (as of October 2008)

Foreclosure filings Jan-Nov 2008: 72,323 (1 per every 9 households)

Local Contact: Chairman of the Board of Supervisors Paul Biane and 5th District Supervisor Josie Gonzales (participated on conference call with Senator Boxer)

Boxer Staff Member: Alton Garrett

Date Contacted: December 1, 2008

The County of San Bernardino is facing significant budget shortfalls. Property tax revenue has declined, leading to the requirement that staff cuts be made. The County has trimmed 1,000 jobs through attrition, and will lose another 1,000 jobs due to layoffs. This is, in part, because the County anticipates a \$200 million hit to its budget because of lost tax revenues.

The County is currently not experiencing problems with obtaining credit, but there are concerns about the future.

The foreclosure rate for San Bernardino places it third in the State for foreclosures behind Los Angeles County and Riverside County. Because of both unemployment and the foreclosure crisis, homelessness is an increasing problem.

SAN DIEGO COUNTY

Population: 3,146,274

Unemployment rate: 6.8%

Foreclosure filings Jan-Nov 2008: 62,783 (1 per every 18 households)

Local Contact: Chairman Greg Cox , CAO Walt Ekerd, CFO Don Steuer, Tracy Sandoval, Sarah Aghassi, Intergovernmental Affairs

Boxer Staff Member: Caridad Sanchez

Date Contacted: December 3, 2008

The County has budgetary flexibility for this year. In the long term it expects to reduce services to match available funding and expenditures. The County has scaled back several programs in the Criminal Justice and Health and Social Services as a result of cuts in funding from the State of California.

To prepare for financial impacts that are likely due to falling revenues, the County is reviewing operational costs against estimated revenue and developing plans for a future possibility of eliminating programs and reducing staff in others. No layoffs have been made but in the future the County may be forced to lay off employees in specific service areas.

The County was poised to do a \$300 million lease revenue bond financing in October to commence the redevelopment of the County's Operation Center and Annex, but has had to delay and downsize the project because of unfavorable market conditions.

For calendar year 2008 through September, the amount of property tax revenue loss is approximately \$10 million county-wide. Foreclosed properties have a negative affect on surrounding properties. The unincorporated area of San Diego County has only a minor increase in code violations as a result of foreclosed and vacant structures.

Local food banks have seen an increased demand of more than 50 percent per month. The number of people seeking food assistance has swelled to approximately 55,000 individuals per month.

CITY AND COUNTY OF SAN FRANCISCO

Population: 824,525

Unemployment rate: 6.0%

Foreclosure filings Jan-Nov 2008: 2,822 (1 per every 126 households)

Local Contact: Monique Zmuda, Deputy Controller, San Francisco City and County

Boxer Staff Member: Mike Ohleyer

Date Contacted: December 2, 2008

The City and County of San Francisco is facing a \$90-125 million budget shortfall for this year. Recently, San Francisco released next year's budget numbers which indicate that if the State of California cuts the same amount as it has this year, the City and County will be facing a \$576 million deficit, which represents nearly half of San Francisco's \$1.2 billion discretionary budget.

To address budget shortfalls for the current year, Mayor Newsom has proposed staffing and program cuts aimed at eliminating 712 positions. Under this plan, approximately 400 City employees are expected to be laid off in the short term.

The City has also begun scaling back services under the Department of Public Health and other social service programs. The Mayor has just announced mid-year solutions of \$118.29 million to balance the current year's budget, which include scaling back HIV prevention programs, STD testing, primary care, mental health and substance abuse treatment services, medical services provided by the University of California at San Francisco General Hospital, case management services at supportive housing programs, and reducing some inpatient nursing staff levels. In addition, two police academies have been postponed.

Foreclosures have not been a significant problem for San Francisco, which has not seen a rise in the number of foreclosed residential properties. Of greater concern for San Francisco is the decrease in the rate of transitions in commercial property ownership and management. This decrease has led to a notable decline in transfer tax revenues for the City and County. San Francisco is always fighting hard to combat crime, but has not experienced a spike in crime specifically as a result of foreclosed or empty properties.

During this period, when San Francisco has had to scale back services offered to its citizens, private donations to food banks and other charitable organizations have declined. Over the Thanksgiving holiday, local food banks and other social service agencies were overwhelmed by the number of residents requesting meals and other services.

SAN JOAQUIN COUNTY

Population: 685,660

Unemployment rate: 11.1 % as of October 2008

Foreclosure filings Jan-Nov 2008: 31,204 (1 per every 7 households)

Local Contact: Rosa Lee – Assistant County Administrator, San Joaquin County

Boxer Staff Member: Ameen Khan

Date Contacted: December 3, 2008

San Joaquin County will end fiscal year with a \$2-3 million budget shortfall which is projected to be significantly greater for fiscal year 2009-10 due to lower tax revenues. It has already cut 20 positions and expects to make more cuts next year. While the County is not facing difficulty obtaining credit because it has historically budgeted conservatively, it is hesitant to get involved in the troubled municipal bond market.

San Joaquin County has one of the highest foreclosure rates in the nation. The combination of foreclosures and the reduction of assessed property values is projected to cost the County approximately \$32 million next year. The County depends on these funds for its discretionary revenue to fund its police force, hospital and jail. Given its high foreclosure rate, the County has seen a significant increase in neighborhood blight and the presence of squatters in vacant properties. The County has given \$25,000 to a local non-profit organization to help provide counseling to those who are facing foreclosure.

SAN LUIS OBISPO COUNTY

Population: 269,337

Unemployment rate: 6.2%

Foreclosure filings Jan-Nov 2008: 2,373 (1 per every 48 households)

Local Contact: Supervisor James R. Patterson, Chair, San Luis Obispo County Board of Supervisors

Boxer Staff Member: Hilary Pearson

Date Contacted: December 1, 2008

San Luis Obispo County is currently facing a \$16-27 million shortfall between projected revenue and projected expenses. The County has already asked department heads to start cutting expenses and the County is keeping staff vacancies open. It indicated that layoffs may be necessary as it approaches the final budget for 2009-10. While foreclosures have not been a serious problem for San Luis Obispo County in the past, it indicated that foreclosures are up significantly over the last year.

The County indicated that it is seeing big shortfalls in health and human services funding, and it attributes this problem to mandated programs being underfunded. Homeless service facilities throughout the County have been experiencing a drastic increase in demand. In addition, non-profits that provide services for homeless populations such as food banks are having more difficulty raising revenue.

SAN MATEO COUNTY

Population: 739,469

Unemployment rate: 5.4%. Figure has grown from 4% last December.

Foreclosure filings Jan-Nov 2008: 5,609 (1 per every 47 households)

Local Contact: Jim Saco, Budget Director, San Mateo County

Boxer Staff Member: Hilary Pearson

Date Contacted: December 10, 2008

San Mateo County's projected structural deficit for fiscal year 2008-09 is \$41.1 million. This is up from \$28.6 million in September. The increase is largely due to the housing market crisis and the stock market crash, and County officials expect next year's budget will likely be further negatively impacted as the State deals with its budget crisis. In order to alleviate some of the budget stress, the County is planning to eliminate some vacant positions.

San Mateo has been negatively impacted by a rapid decline in residential home sales. 11,413 homes were sold in 2004, a figure that has dropped to 4,599 in 2008, as of October 31st. During the 3rd Quarter of 2008, average home prices dropped 13.5 percent. In addition, the County has had 7,000 property tax reassessment requests in fiscal year 2008-09, compared to 1,200 last year.

As a result of the increase in foreclosures and reassessments, along with declining sales, the County has lowered its Secured Property Tax revenue projections for fiscal year 2009-10 from 6 percent to 4 percent. The County is also lowering Unsecured Property Tax revenue projections by 2 percent in each of the next two years. The County has not observed an increase in crime or code violations at foreclosed properties.

The County is experiencing an increase in demand at local charities and food banks. The San Mateo County Department of Health and Human Services says the number of people receiving Federal food stamps jumped 21 percent since September, 2007.

SANTA BARBARA COUNTY

Population: 428,655

Unemployment rate: 5.9%

Foreclosure filings Jan-Nov 2008: 4,874 (1 per every 31 households)

Local Contact: Jeremy Tittle, Chief of Staff to Board of Supervisor's Chair Salud Carbajal
Michael Brown, County Executive Officer

Boxer Staff Member: Adolfo Bailon

Date Contacted: December 1, 2008

The County of Santa Barbara is expecting a significant reduction in funding for several key departments, including law enforcement and health care. The primary reasons for the decrease are the weakening economy and the loss of State funding. County officials have also been forced to delay general construction and infrastructure improvement projects, maintenance of roads and buildings, and decrease Truancy Prevention Programs for many local schools. Also delayed is the construction of the County's Emergency Operation Center (EOC). Funds previously allocated for the construction of the County's EOC have had to be redistributed in order to meet other County obligations.

Officials have managed to maintain a constant level of employment and have not issued any layoff notices to County employees. However, County officials have negotiated a 64-hour furlough agreement with local labor unions, which amounts to a 4 percent reduction in pay for all County employees. Cost of living allowance and salary increases have also been delayed.

Local food banks have reported a significantly higher than normal visitor rate while the County's Department of Social Services is experiencing record high caseload growth and applications for Non-Assistance Food Stamps and CalWORKs programs.

SANTA CLARA COUNTY

Population: 1,837,075

Unemployment rate: 6.9% as of October 2008

Foreclosure filings Jan-Nov 2008: 21,109 (1 per every 29 households)

Local Contact: John Guthrie, Director of Finance Agency, County of Santa Clara

Boxer Staff Member: Jenn Tang

Date Contacted: December 2, 2008

Santa Clara County cut \$225 million from its \$3 billion budget during the last fiscal year. With continued budget deficits, the County is not expecting to recover from its losses any time soon. It has already made cuts to several State-funded programs, including alcohol and drug abuse programs, domestic violence programs and AIDS-related programs. The County also owns and operates the Santa Clara Valley Medical Center, a public hospital, which will likely face budget cuts in the next fiscal year. The County is also expecting to have to cut some programs completely. Santa Clara County has not yet sought any new money since the economic crisis has hit, so it is unsure whether it will face any difficulties in obtaining financing, but it did have to refinance its auction rate securities at a loss.

Foreclosures are not as serious a problem in Santa Clara County as they are in some other areas of the State. The County is in the midst of pulling together specific numbers on losses due to foreclosed homes. However, the County speculates that much of its loss of tax revenue is coming from properties being reassessed, and the fact that property is changing hands less frequently.

SANTA CRUZ COUNTY

Population: 266,519

Unemployment rate: 6.5% as of October 2008

Foreclosure filings Jan-Nov 2008: 3,136 (1 per every 33 households)

Local Contact: Susan Mauriello, CAO, County of Santa Cruz

Boxer Staff Member: Jenn Tang

Date Contacted: December 1, 2008

Santa Cruz County currently has a balanced budget, though future budgets will depend on many circumstances, such as budget cuts at the State level and the fact that the county depends heavily on the real estate market for revenue.

To address its budget shortfalls, the County has taken several measures, including: significantly reducing spending on facilities and technology; cutting health programs for the indigent population; imposing major reductions in mental health, substance abuse and treatment programs; and implementing a 10 percent reduction in many community programs. In addition, the County cut 274 positions, or approximately 10 percent of the workforce. Next year, it expects those cuts will be greater.

Foreclosures have been a problem for Santa Cruz County. The County Assessor estimates that the assessed values for foreclosed properties this year will result in a reduction in assessed value between \$65 and \$70 million. The Assessor is projecting virtually no growth in property taxes next year.

Santa Cruz County has a good credit rating and has not had any real trouble securing credit, though the CAO said that it was more difficult than it has been in the past to secure its most recent round of tax anticipation notes.

As the economy has worsened, the local food bank has become overwhelmed with the need for food, and is finding it difficult to provide enough resources for those who need it.

SHASTA COUNTY

Population: 182,236

Unemployment rate: 10% as of October 2008

Foreclosure filings Jan-Nov 2008: 1,840 (1 per every 41 households)

Local Contact: Lawrence Lees, Shasta County Chief Administrative Officer

Boxer Staff Member: Brandon Ida

Date Contacted: December 3, 2008

Shasta County was able to balance its budget in August, but the State is currently withholding \$6.5 million in funds for health and human services, which has placed a significant strain on the County's budget. Shasta County has been operating under a hiring freeze for the last year. One employee was laid off from its building department due to reduced workload.

The County has not been hit by the foreclosure market to the degree that some of the other Counties have. Shasta County has not seen any real losses to tax revenue due to foreclosures this year, but is in the process of reassessing properties for next year.

SIERRA COUNTY

Population: 3,380

Unemployment rate: 8.6% as of October 2008

Foreclosure filings Jan-Nov 2008: 38 (1 per every 60 households)

Local Contact: Cindy Ellsmore, Sierra County Treasurer

Boxer Staff Member: Brandon Ida

Date Contacted: December 2, 2008

Sierra County passed a balanced budget for this year but is closely watching the State budget situation to see if they cut funding to counties. The County does not have a reserve fund, so if funding is cut, it will have to find other ways to address the shortfall.

The County cut some funding to programs due to falling revenue, but it has not made any layoffs. Sierra County has not had trouble securing credit because it does not go to the bond market for funding.

Sierra County historically has had very few foreclosures. From 2002 until 2006 there were no foreclosures in the County. The Foreclosure rate has raised some since then, but not by a significant amount. As one of the smaller counties in California, Sierra County has not seen a large increase in homes built so it has not experienced the price fluctuations that many other counties have experienced. As a result it does not expect a significant reduction to the amount of property tax revenue received. The County has not seen an increase in crime and code violations due to foreclosures and empty homes.

SISKIYOU COUNTY

Population: 45,971

Unemployment rate: 9.4% as of October 2008

Foreclosure filings Jan-Nov 2008: 292 (1 per every 80 households)

Local Contact: Brian McDermott, Siskiyou County Chief Administrative Officer

Boxer Staff Member: Brandon Ida

Date Contacted: December 3, 2008

Siskiyou County is currently facing an \$824,000 budget shortfall. The shortfall is due to an unexpected cut to the amount of Secure Rural Schools funds that could be used for Title III funding. The County has been forced to eliminate 9 positions to date and has implemented cuts across the board to all of its departments in order to reduce the budget gap.

Siskiyou County's revenue from property tax has not been hit as hard as many other counties. It still expects a modest growth in revenue from property taxes, but like most counties, sales tax is down.

SOLANO COUNTY

Population: 426,757

Unemployment rate: 7.7%

Foreclosure filings Jan-Nov 2008: 14,518 (1 per every 10 households)

Local Contact: Charlene Ping, Deputy CAO, Solano County

Boxer Staff Member: Megan Miller

Date Contacted: December 1, 2008

The combination of the downturn in the nation's economy, the State's budget crisis, and the failing housing market, has left Solano County in a difficult fiscal situation. The County recently completed its first quarter outlook, which indicated that it must address a \$9 to \$12 million shortfall in revenue. The vast majority of the shortfall is due to a drastic decline in property values.

To address the budget issues, Solano County has aligned its program cuts, many of which are in health and social services, with the associated cuts in State funding for those programs. They have also delayed or scaled-back major projects and equipment purchases. There is a soft-hiring freeze in place, but the County has not yet had to lay off any employees.

The foreclosure rate in Solano County, while still considerably higher than the national average, has recently slowed and is now at 8.54 percent. Although the crime rate has gone up slightly as a result of the economic downturn, there is no indication that this is specifically a result of foreclosed or empty properties.

SONOMA COUNTY

Population: 484,470

Unemployment rate: 6.2%

Foreclosure filings Jan-Nov 2008: 7,187 (1 per every 27 households)

Local Contact: Jim Leddy, Community and Governmental Affairs Manager, Sonoma County

Boxer Staff Member: Megan Miller

Date Contacted: December 2, 2008

Although Sonoma County remains fiscally solvent at this time, the County is facing possible budget cuts in the range of 15 percent over the next two fiscal years. Service reductions will be unavoidable. This year's budget included a reduction of approximately 125 positions, and the Transportation and Public Works Division is already facing deficits.

Reductions in gas and sales tax revenues, coupled with the decline in property tax fueled by the collapsing real estate market, have hit Sonoma County hard. The County's foreclosure rate has grown significantly. Budget projections are predicting a revenue decrease of approximately 11.7 percent from fiscal year 2008-09 to 2009-10. Foreclosures are hitting several different revenue streams including property taxes, sales tax and licensing fees.

According to the local food bank operator, food supplies in the food bank system have been so depleted by growing need among residents that there are discussions about purchasing low-cost food goods from out of the country to supplement diminishing donations. Other non-profits in Sonoma County have reported severe budget cuts due to lack of donations and increased demand. Two homeless shelter and one domestic violence shelter are currently over capacity.

STANISLAUS COUNTY

Population: 525,903

Unemployment rate: 11.8%

Foreclosure filings Jan-Nov 2008: 21,486 (1 per every 8 households)

Local Contact: Richard Robinson, County Administrative Officer, Stanislaus County

Boxer Staff Member: Ameen Khan

Date Contacted: December 2, 2008

Stanislaus County is currently running on a balanced budget. For the budget to remain balanced next year, the County will have to reduce the proposed budget by approximately \$15 million.

The County has had to cut back the scale on many programs and even cancel some that it deemed unsustainable. The County has also already made layoffs, and it expects to make more in the future.

Stanislaus County has one of the highest foreclosure rates in the nation. The County has lost approximately \$5 million – or 7 percent – in assessed values, which drastically lowers the tax base. This is the first time the County has lost property tax value since the passage of Prop. 13.

The County has seen an increase in burglaries and drug-related and violent offenses since the beginning of the housing downturn. The County has not addressed this increase aside from existing public safety measures.

SUTTER COUNTY

Population: 95,878

Unemployment rate: 12.2% as of October 2008

Foreclosure filings Jan-Nov 2008: 1,753 (1 per every 19 households)

Local Contact: Stephanie Larsen, Assistant Chief Administrative Officer for Sutter County

Boxer Staff Member: Brandon Ida

Date Contacted: December 2, 2008

Sutter County is not facing any solvency issues at this point and has a rainy day fund that could be used if necessary.

The County is closely monitoring State budget negotiations and how they may affect Sutter County. The County has not made any cuts to its programs and has not been forced to make any layoffs.

Unlike many Counties, the assessed property value in Sutter County rose by 2.2 percent between fiscal year 2007-2008 and 2008-2009.

The unemployment rate in Sutter County is up 2 percent from the same time last year.

TEHAMA COUNTY

Population: 62,419

Unemployment rate: 9.0% as of October 2008

Foreclosure filings Jan-Nov 2008: 710 (1 per every 36 households)

Local Contact: Bill Goodwin, Tehama County Chief Administrative Officer

Boxer Staff Member: Brandon Ida

Date Contacted: December 2, 2008

Tehama County passed a budget without a shortfall, but the County is monitoring the State budget to see if funding to counties is reduced, particularly Williamson Act funding which typically provides \$1 million to Tehama County. The County is currently involved in a \$1 million lawsuit against Lehman Brothers because of lost funds when the company declared bankruptcy.

The County previously reduced programs in their health and human services and made some layoffs. It is waiting to see the State resolve its budget before making any decisions on more layoffs. Tehama County does not use credit for projects. Capital improvement projects in the County are secured with funding made available through the Tobacco Master Settlement Agreement.

The County does not have final numbers on the amount of tax revenue that will be lost due to foreclosures, but any budget decrease will be significant since the County's general fund is approximately \$30 million. Crime in the County has gone up as the economy has gotten worse, but is not directly tied to the increase in foreclosures.

TRINITY COUNTY

Population: 13,956

Unemployment rate: 10.9% as of October 2008

Foreclosure filings Jan-Nov 2008: 17 (1 per every 485 households)

Spoke with: Roger Jaegel, Chair of the Trinity County Board of Supervisors

Field Staffer: Brandon Ida

Date Contacted: December 2, 2008

To reduce the County's budget shortfall Trinity County cut \$1 million out of the budget last year and eliminated 20 positions. The shortfall for this year will remain unknown until the State budget is passed and the County sees how much the State cuts funding to Counties. The County took out a loan to make payroll and to keep some services open.

The County has made some layoffs but is working to give employees "golden handshakes" so more layoffs are not necessary. The unemployment rate in Trinity County is at 10.9 percent and is being hurt by the current drought, which has caused historically low lake levels and hurt recreation-based business. The County has made some cuts to programs as a result of reduced funds.

Trinity County has one of the lowest foreclosure rates in California. They do not have final numbers on the reduction in property tax revenue due to foreclosures, but have seen some increases in code violations and property crimes.

The non-profit charitable organizations in the County are in need of donations because they have seen an increased need for service and a decrease in donations.

TULARE COUNTY

Population: 435,254

Unemployment rate: 11.8 % as of October 2008

Foreclosure filings Jan-Nov 2008: 6,016 (1 per every 22 households)

Local Contact: Kristen Bennett and Martin Meier – Deputy County Administrative Officers, Tulare County

Boxer Staff Member: Ameen Khan

Date Contacted: December 3, 2008

Tulare County is an agricultural-based rural county that relies on the construction sector for a good portion of its revenue stream. The County's budget has been adversely impacted by the construction downturn, the loss of sales tax revenue, and the fallout from the State's budget challenges. To date, the County has been able to avoid cuts due to falling revenues, but will likely have to consider programs cut and staff layoffs in the near future. The County has not experienced difficulty in securing credit up to this point, but expects to encounter difficulty in the future if the current economic climate persists.

While not as hard hit by the foreclosure crisis as some other areas, the County has seen an across the board decrease in the assessed valuation of properties and has experienced some foreclosure-related problems with neighborhood blight and squatting.

Food Link, the county's main food bank, is reporting a decrease in food and cash donations and a significant increase in the demand for its services.

TUOLUMNE COUNTY

Population: 56,799

Unemployment rate: 8.2 % as of October 2008

Foreclosure filings Jan-Nov 2008: 521 (1 per every 58 households)

Local Contact: Daniel Richardson – Deputy County Administrative Officer, Tuolumne County

Boxer Staff Member: Ameen Khan

Date Contacted: December 1, 2008

Currently, Tuolumne County is operating on a balanced budget. However, the outlook is not favorable as both the property and sales tax bases are decreasing. The decrease in sales tax is expected to be approximately \$200,000, or a 10 percent decline. As a result, the County has had to privatize their former physical therapy, adult daycare, and long term care units. The County has made layoffs and more are expected in the future.

The County is not actively seeking credit. However, it has been impacted by the failure of Lehman Brothers.

In terms of foreclosures, the County is expected to experience an \$80,000 decrease from expected tax revenue from its housing sector. The County has not experienced a noticeable increase in crime and code violations as a result of the increased foreclosure rate.

A number of non-governmental charitable organizations are running out of cash and the food bank was able to make it through the Thanksgiving weekend because of an anonymous donation of \$25,000.

VENTURA COUNTY

Population: 831,587

Unemployment rate: 7.2%

Foreclosure filings Jan-Nov 2008: 12,024 (1 per every 23 households)

Local Contact: Susan Hughes – Director of Governmental Affairs

Boxer Staff Member: Adolfo Bailon

Date Contacted: December 1, 2008

County officials have cut \$1 million from Health and Human Services programs this current fiscal year in anticipation of State budget cuts, and expect additional reduction in service levels in Public Safety and Health and Human Services programs. Additional losses for this calendar year include \$8.5 million to County Sheriff, District Attorney, Public Defender, Probation Department; loss of \$4.5 million in Realignment sales tax, which affects Health and Human Services areas; loss of \$1 million in regular sales tax; loss of \$2 million in property transfer tax; and a loss of \$1 million in recording fees. There have been no employee layoffs.

There were 1,420 foreclosures in Ventura County for the 3rd quarter of 2008. This is an increase of 212 percent when compared to 454 foreclosures the 3rd quarter of 2007. Law enforcement officials have not reported any significant increase in crime due to financial crisis-related issues.

YOLO COUNTY

Population: 199,066

Unemployment rate: 7.9% as of October 2008

Foreclosure filings Jan-Nov 2008: 2,742 (1 per every 26 households)

Local Contact: Ms. Pat Leary, Yolo County Deputy CAO

Boxer Staff Member: Brandon Ida

Date Contacted: December 2, 2008

The budget for Yolo County currently has a \$3.5 million shortfall. At this point the County has not been forced to cut any programs, but it did make some layoffs at the end of last year. Yolo County is not currently in the bond market for any infrastructure or job creating projects.

The County has seen a decrease in the growth of the amount of tax revenue it receives as a result of foreclosures. It has seen tax revenue growth go from 8 percent per year to between 0 and 3 percent per year. The County has not seen any significant increase in property crimes or code violations due to foreclosures and empty homes.

YUBA COUNTY

Population: 71,929

Unemployment rate: 12.9% as of October 2008

Foreclosure filings Jan-Nov 2008: 1,956 (1 per every 14 households)

Spoke with: Randy Margo, Deputy CAO for Yuba County

Boxer Staffer: Brandon Ida

Date Contacted: December 2, 2008

Yuba County does not have a budget shortfall for this year. The County has not made any program cuts as a result of local revenue, but it is monitoring the State budget to see if the State makes cuts in funding to counties especially in the health and human services area. The County has not made any layoffs. The County has not had any problems securing credit for capital projects.

Foreclosures have hit Yuba County particularly hard. The County has lost an assessed value of \$500 million. Yuba County has always had a significant amount of code violations which they attribute to the fact the County's residents are low income and less able to make repairs not because of foreclosures and empty homes. The County has also always had a fairly high crime rate.

The County did not report any problems with its charitable services.

CITY OF ANAHEIM

Population: 346,823

Unemployment rate: 7.8%

Foreclosure filings Jan-Nov 2008: 5,878 (1 per every 19 households)

Local Contact: Greg Garcia, Government Relations Manager (714) 765-5094

Boxer Staff Member: Gina Semenza

Date Contacted: December 16, 2008

The City's budget outlook has been constrained by the recent setbacks in the economy, particularly with regard to sales and property tax revenues. As a result, the City has implemented some prudent reductions, but there has been no significant diminution in services. However, the City has implemented some reductions in service hours for a few community programs. Additionally, they have put a number of large capital projects on hold. No layoffs have occurred and none are planned for the immediate future.

Despite the current economic environment, the City of Anaheim has been able to move forward with a number of citywide initiatives and projects that serve residents, including some public private partnerships. However, there have been some large capital projects and City infrastructure projects that have been delayed as a result of recent economic forecasts.

The City has not experienced an increase in crime or code enforcement as a result of foreclosures. Community programs that support residents in need have not been adversely impacted.

CITY OF ANTIOCH

Population: 100,361

Unemployment rate: Approximately 8%

Foreclosure filings Jan-Nov 2008: 5,632 (1 per every 6 households)

Local Contact: Arlene Mornick, Assistant City Manager, City of Antioch

Boxer Staff Member: Hilary Pearson

Date Contacted: December 2, 2008

The City of Antioch is facing a \$4 million budget shortfall this year. The falling housing market has contributed greatly to the City's financial problems, as Antioch currently has the most foreclosures of any City in Contra Costa County. Antioch is facing almost \$2 million in reduced property taxes and almost \$500 million loss in sales tax. While Antioch has not issued any layoffs just yet, it is currently looking at a hiring freeze, furloughs, and cutting the operation portion of the City's budget.

Antioch has not experienced a problem with increased crime and code violations at foreclosed properties throughout the City. The City attributes this to an active neighborhood improvement program that goes and checks abandoned homes throughout the City.

CITY OF BAKERSFIELD

Population: 328,692

Unemployment rate: 9.9 % as of October 2008

Foreclosure filings Jan-Nov 2008: 18,107 (1 per every 9 households)

Local Contact: Alan Tandy – City Manager, City of Bakersfield

Boxer Staff Member: Ameen Khan

Date Contacted: December 1, 2008

For first time in 20 years, the City of Bakersfield is facing a decrease in sales and property taxes. As a result, the City has implemented a hiring freeze and laid off 60 non-essential employees. In particular, the City has had to delay filling 28 police officer positions, which has impacted the force's response time. The City is not having trouble securing credit because it tends to budget conservatively and has no current need to borrow. However, if these economic conditions persist, the City may have to borrow in the future.

CITY OF BRENTWOOD

Population: 50,614

Unemployment rate: 6.2% as of October 2008

Foreclosure filings Jan-Nov 2008: 2,290 (1 per every 4 households)

Local Contact: Donna Landeros, City Manager, City of Brentwood

Boxer Staff Member: Hilary Pearson

Date Contacted: December 2, 2008

The City of Brentwood has been seriously impacted by the falling housing market and has already cut 10 percent of its workforce to deal with its current budget situation. It has also shut down development operations. The housing construction industry, which employed many Brentwood residents, has been hit very hard. The estimate of tax revenue lost due to foreclosures and the overall drop of home values represents approximately \$1.1 million, or 10.6 percent of property taxes.

The City is also having trouble gaining access to credit that was available as recently as a year ago. The City has several large construction projects that are planned and ready, but are unable to go forward because of the turmoil with the credit markets.

Brentwood has not experienced a problem with increased crime and code violations at foreclosed properties throughout the City. It has not made any cuts in public safety or code enforcement staff, and the City Council has adopted a stringent code enforcement policy to deal with foreclosure problems.

CITY OF CHULA VISTA

Population: 231,305

Unemployment rate: 7.5%

Foreclosure filings Jan-Nov 2008: 7,839 (1 per every 8 households)

Local Contact: Coleen Carnevale, Government Relations Liaison

Boxer Staff Member: Caridad Sanchez

Date Contacted: December 1, 2008

Chula Vista has experienced significant declines in all major revenues including sales tax, property tax, and Motor Vehicle License Fee. The City does not expect solvency issues as it has cut back their budget as revenues have dropped.

Nearly 80 percent of the City's budget is allocated to personnel, so it expects significant staff cuts. There have been 12 layoffs to date and as many as 130 additional layoffs could result from proposed budget reductions. Some programs have already been canceled including closure of Youth Center and elimination of the annual fire works display. Additional closures are currently being proposed including a library, recreation center, nature center, and community pool.

The City has seen an estimated \$1.6 million drop in property tax revenue as a result of declining home values. This amount is projected to be even larger next year.

CITY OF CULVER CITY

Population: 39,403

Unemployment rate: 5%

Foreclosure filings Jan-Nov 2008: 328 (1 per every 62 households)

Local Contact: Martin Cole, Assistant City Manager

Boxer Staff Member: Adolfo Bailon

Date Contacted: December 12, 2008

City officials currently have at their disposal a 30 percent reserve, approximately \$30 million, that may be used to supplement cuts in City agency budgets. City officials have not issued any employee layoffs, but have implemented several cost-saving strategies: a city-wide hiring freeze, cessation of employee overtime, case-by-case assessments of part-time and contract employees. The City experienced a loss of approximately \$1 million due to their investments in Lehman Brothers issued bonds.

Culver City has historically been more dependent on sales tax revenue than property tax revenue. The City's Chief Financial Officer recently concluded a comparison in sales tax revenue that found that the City's sales tax revenue has decreased by 5 percent between the 3rd quarter of 2008 and the 3rd quarter of 2007, approximately \$1 million.

CITY OF FAIRFIELD

Population: 106,753

Unemployment rate: 7.7%

Foreclosure filings Jan-Nov 2008: 4,021 (1 per every 7 households)

Local Contact: Sean Quinn, City Manager, City of Fairfield

Boxer Staff Member: Megan Miller

Date Contacted: December 3, 2008

In the face of increasingly difficult financial times, the City of Fairfield cut \$7.2 million from its budget and eliminated 45 positions on July 1st of this year. The City's Police, Fire, and Community Services Departments have been severely impacted by these cuts. The City has also taken measures to delay \$26 million in water projects, and has pushed back the planned construction of a new police station until at least 2018.

In recent months, Fairfield has seen a significant increase in the number of foreclosed single-family homes. As a result, the City is facing a 3 to 4 percent drop in property tax revenues.

Fairfield, which always struggles with a high crime rate, has seen an increase in the number of burglaries and thefts. Many recent crimes are directly related to foreclosures and the resulting growth in the number of vacant structures. People are breaking into foreclosed homes, and those who are forced to leave are destroying foreclosed properties before they go. Evicted residents are stripping copper piping from the walls and removing cabinets and toilets before they leave. Water service for foreclosed homes usually gets terminated, resulting in an additional loss of revenue for the City. Water revenues in Fairfield are down 12 percent this year, which City officials believe is a direct result of foreclosures.

CITY OF FRESNO

Population: 486,171

Unemployment rate: 10.7%

Foreclosure filings Jan-Nov 2008: 12,627 (1 per every 15 households)

Local Contact: Georgeanne White, Chief of Staff to Mayor Alan Autry

Boxer Staff Member: Tom Bohigian

Date Contacted: December 3, 2008

The City of Fresno has a budget reserve that has allowed it to avoid programmatic cuts to date, but cuts are expected in the coming year. There has been a 4.4 percent reduction in sales tax revenues, and the expectation is that this trend will continue. Property tax revenues are likely to be affected as new numbers are available. It is expected that the overall budget situation will be negatively impacted by actions that are taken to balance the State budget.

Home foreclosures have increased 100 percent since March of 2008, with 2,100 new notices filed for future foreclosures. There have been more code violations related to property maintenance, and there has been an increase in property crimes. Food bank and other private social service programs are seriously stretched in the community.

CITY OF LONG BEACH

Population: 490,166

Unemployment rate: 9.1 % as of October 2008

Foreclosure filings Jan-Nov 2008: 7,023 (1 per every 26 households)

Local Contact: Tom Modica – Manager of Government Affairs, City of Long Beach

Boxer Staff Member: Ameen Khan

Date Contacted: December 16, 2008

The City of Long Beach current projections for its fiscal year 2009 General Fund revenue are down approximately \$15.7 million from the adopted budget, a gap that was created by the falling price of oil and declines in projected sales tax, vehicle license tax, transient occupancy tax, secured property tax and other major General Fund revenues. As a result, the City has been forced to place all non-essential budgeted one-time expenses on hold until further notice, lower City department purchasing discretion from \$50,000 to \$25,000, and maintain the freeze on management hiring, out of state travel, and all non-essential spending.

As a result of the difficult economic conditions, the City has eliminated 400 positions over the past 5 years. The fiscal year 2009 budget eliminated an additional 120+ positions, including 12 management positions and 39 filled positions. There is an increasing likelihood that further positions will be eliminated as the City addresses the projected fiscal year 2010 deficit. The City is looking into implementing a mandatory five-day employee furlough and a hard hiring freeze for all employees except for those that are deemed critical.

Currently, the City of Long Beach has enough cash to meet its day-to-day needs. The City is not currently planning any near-term financing projects where credit would be needed.

The City estimates that it has lost an estimated \$3 million as a result of foreclosures. Code Enforcement has taken a proactive approach regarding vacant buildings. Based on monthly foreclosure reports, staff drives by a property that has been foreclosed on and evaluates it in terms of property maintenance and makes sure it is secured. If the property is open or not being maintained it is entered into the vacant building program and the City ensures that it is maintained and the owner is responsible for cost reimbursement. So far, this has proven effective in stabilizing neighborhoods that are being hard hit by foreclosures.

Like many other communities, there is a general increase in demand for charitable services that has been accompanied by a decrease in the rate of donation in Long Beach. There are reports that the local food banks are out of food due to demand increases and the City's local homeless access center reports they are looking at a 30 percent increase in new homeless contacts over the same time last year

CITY OF LOS ANGELES

Population: 4,045,873

Unemployment rate: 7.7%

Foreclosure filings Jan-Nov 2008: 5,939 (1 per every 36 households)

Local Contact: Jim Clarke – Director of Federal Relations, Office of Los Angeles City Mayor Antonio Villaraigosa

Boxer Staff Member: Adolfo Bailon

Date Contacted: December 2, 2008

The City of Los Angeles currently has a budget shortfall of \$130 million, primarily due to the weakening economy. Of the City's overall \$130 million shortfall, \$75 million is directly attributed to reductions in sales and business taxes, documentary transfer tax, parking tax, and transient occupancy tax. Mayor Villaraigosa has directed all City departments to develop 6-month budgets with a mandatory 3-percent reduction. Public safety agencies such as police and fire are only required to decrease their 6-month budgets by 1-percent.

In an effort to reduce additional spending, City officials instituted a managed hiring process, which allowed departments to hire only those positions deemed critical to public safety or revenue generating. This process resulted in over 700 positions being left vacant.

Several neighborhoods are experiencing an increase crime related to vacant and abandoned properties. The City of Los Angeles has also been allocated over \$32 million in Neighborhood Stabilization Funds through the Economic and Housing Recovery Act of 2008. These funds will be issued through the Community Development Block Grant program and used to redevelop communities with high foreclosure rates.

CITY OF MERCED

Population: 80,608

Unemployment rate: 11% as of October 2008

Foreclosure filings Jan-Nov 2008: 4,070 (1 per every 8 households)

Local Contact: Bill Cahill – Deputy City Manager, City of Merced

Boxer Staff Member: Ameen Khan

Date Contacted: December 2, 2008

As a result of the economic downturn, the City of Merced has had to make mid-year budget reductions in order to make ends meet. The City has frozen all capital projects that are funded by its general fund and it has frozen all acquisition of non-essential equipment and supplies. In addition, the City has instituted a hiring freeze. Although its day-to-day needs are covered, the City is going to delay the issuance of \$15 million in recently approved redevelopment bonds because the credit market is so poor. The City is hoping for more favorable market conditions next year.

Merced, which has one of the highest foreclosure rates in the nation, is having a difficult time assessing the loss of tax revenue because property tax payments are lagging so far behind. There are currently over 1,000 foreclosures in the City. The City has had to take steps to shift its police beats and patrols according to foreclosure data because of the increase in crime.

There is currently no availability in the City's homeless shelters, and food banks are struggling to meet increased demand.

CITY OF OAKLAND

Population: 420,183

Unemployment rate: 10%

Foreclosure filings Jan-Nov 2008: 9,053 (1 per every 17 households)

Local Contact: Dan Lindheim, Oakland City Administrator

Boxer Staff Member: Michael Ohleyer

Date Contacted: December 3, 2008

The City of Oakland faced a \$42 million general fund budget shortfall for fiscal year 2009 and expects an additional \$50 million shortfall for 2010. The 2009 budget was recently balanced, but a reduction in City services was necessary to achieve this result. In addition, the City plans to close City offices over the December holidays, plus one day a month through June, 2009; cut the Mayor's executive office spending by \$430,000; cut the City Council's discretionary budget by half; cut elected officials' salaries by 5 percent; lay off 59 City employees across all departments and eliminate an additional 120 vacant positions; and substantially raise parking meter rates and fines for street sweeping violations.

The driving factor in the City's budget shortfall is a 50 percent reduction in revenues from real estate transfer taxes. Sales taxes have also substantially dropped due to a drop in auto sales at Oakland dealerships. A final determination concerning program cuts will be made following the outcome of the State of California's budget revisions.

Oakland has been impacted greatly by the foreclosure crisis and the economic downturn. Oakland's foreclosure rate ranks in the top 10 cities nationwide, with 4,000 foreclosures in Oakland since January, 2007. The Department of Housing and Urban Development estimated City-wide foreclosure rate is 8 percent, with a range of 4.4 - 11.9 percent, depending on the neighborhood. The City is anticipating a drop off both in property tax revenues as values fall and in property transfer taxes.

As homes are left vacant, there has been an increase in reports that these empty properties are becoming focal points for criminal activity.

CITY OF RIVERSIDE

Population: 296,842

Unemployment rate: 10.1%

Foreclosure filings Jan-Nov 2008: 12,595 (1 per every 11 households)

Local Contact: Paul Sundeen, Assistant City Manager

Boxer Staff Member: Alton Garrett

Date Contacted: December 15, 2008

The 2007-2008 City of Riverside general fund budget was \$226 million. The council initially approved a budget of \$214 million for 2008-2009, but finds that it must now be reduced to \$200 million. About half of this reduction is attributed to the loss of sales tax revenues that the City associates with its unemployment rate. The City has laid off seven employees and has no plans to make additional layoffs. No programs have been canceled or delayed as a result of declining revenues.

The City has not had difficulty securing credit and is, in fact, moving forward with its \$1.8 billion Riverside Renaissance public investment program. This program will include upgrades to water, sewer, and electric infrastructure, expansion of fire and police services, and improvements to community facilities such as parks and libraries.

Code violations associated with foreclosed and empty properties have increased but the City characterizes the problem as being manageable. Demand for local food bank services has increased. The City's homeless program had not been strained and is functioning effectively.

CITY OF SACRAMENTO

Population: 475,743

Unemployment rate: 9.5 % as of October 2008

Foreclosure filings Jan-Nov 2008: 27,391 (1 per every 11 households)

Local Contact: John Dangberg - Assistant City Manager, City of Sacramento

Boxer Staff Member: Ameen Khan

Date Contacted: December 3, 2008

The City of Sacramento had a \$58 million budget deficit last year and expects the shortfall to be even greater this year. The City had to make difficult cuts to public safety last year even though it has one of the highest crime rates in the State. In order to prevent further cuts to public safety this year, the City will likely have to make significant cuts in other departments.

The City is having problems securing credit both due to creditors' more stringent requirements and difficulties in the private sector securing debt for public-private projects, which limits the flow of private capital to such projects.

There were 2,094 foreclosures in the City as of October, 2008. Although the City does not have a final number on the loss of tax revenue due to foreclosures, it is \$41 million short of the 2006 projections for current property and sales tax revenues, the majority of which can be attributed to the depressed housing market.

As a result of the foreclosure crisis, the City is seeing an increase in vacant units, especially in low-income neighborhoods, that squatters are taking advantage of for illicit purposes. Code enforcement efforts have been increased and the City is working with banks to be more responsive to unattended properties.

CITY OF SAN BERNARDINO

Population: 205,493

Unemployment rate: 11.5%

Foreclosure filings Jan-Nov 2008: 10,290 (1 per every 8 households)

Local Contact: Pat Morris, Mayor, City of San Bernardino

Boxer Staff Member: Alton Garrett

Date Contacted: December 1, 2008

The City's budget was described as being "in freefall," in large part because of the loss of sales tax revenue. The City lost a total of six auto dealerships in the past year. Currently, the City's budget has a \$17 million shortfall.

The situation in the City of San Bernardino is serious, with an 11.5 percent unemployment rate. The foreclosure situation is also serious. Of roughly 47,000 households in the City of San Bernardino, 3,500 homes are in foreclosure with approximately 2,000 homes in pre-foreclosure. Crime rates are increasing as a result of the increase in foreclosures.

CITY OF SAN DIEGO

Population: 1,336,865

Unemployment rate: 6.8%

Foreclosure filings Jan-Nov 2008: 22,991 (1 per every 21 households)

Local Contact: Brent Eidson, Government Affairs and Jay Goldstone, COO

Boxer Staff Member: Caridad Sanchez

Date Contacted: December 3, 2008

Due to worsening economic conditions which have resulted in declining tax revenues, the City of San Diego is facing a budget deficit of \$43 million in fiscal year 2009. As of December 3, 2008, the City is not expecting to have any short or long-term solvency issues, but programs and projects have been canceled and the City expects layoffs.

The City expects obtaining necessary capital for critical projects will be challenging in the current environment.

The City does not have an estimate for actual loss of tax revenues, but it expects to see a drop in property tax revenue receipts due to foreclosures.

CITY OF SAN JOSE

Population: 989,496

Unemployment rate: 7.7% as of October 2008

Foreclosure filings Jan-Nov 2008: 15,625 (1 per every 20 households)

Local Contact: Ashwini Kantak, City Manager's Office, City of San Jose; Ru Weerakoon, Senior Policy Advisor, Mayor Chuck Reed

Boxer Staff Member: Jenn Tang

Date Contacted: December 2, 2008

The City of San Jose has faced General Fund deficits over the last seven years, and is projected to face them over the next 5 years. It currently has a structural deficit projected at \$106 million over the next five years and has prepared a proposed Structural Deficit Elimination Plan to address the problem. Examples of budget reductions include: the elimination of one of the City's 8 Police Traffic Enforcement Units; reduction in library branch hours and services; community facility closures; reduction in regional and neighborhood park maintenance and other City facility maintenance; reduction in pavement and landscape maintenance and maintenance of traffic signs, signals, roadway markings, and street lights; elimination of a hose wagon and associated staff at one fire station; elimination of the Challenges and Choices public safety education program for youth in January 2009; and reduction of administrative and support positions throughout City departments. Additionally, the City has had a hiring freeze in place for several years, with an exemption required for filling critical needs. Over the last 7 years, 470 positions have been cut. It has not yet laid off City staff, but it is likely that layoffs will be necessary to balance the fiscal year 2009-10 budget.

The City is experiencing challenges obtaining bank letters of credit to support variable rate bonds and commercial paper.

Since 2007, there have been 16,676 foreclosures in San Jose. Today, there are 4,309 homes in the foreclosure process, 1,706 of which are actually repossessed by the bank, which means that 2.1 percent of San Jose's housing units are in foreclosure, a rate that is 4 times the statewide rate and 10 times the national rate of foreclosure filings.

Non-governmental charitable organizations are hurting because demand has skyrocketed, food prices have increased significantly, and donations have dropped. If these factors continue, many organizations will soon need to reduce the level of assistance they have been able to provide in the past.

CITY OF SANTA ANA

Population: 353,184

Unemployment rate: approximately 8.5%

Foreclosure filings Jan-Nov 2008: 8,036 (1 per every 11 households)

Local Contact: Cathy Standiford, Assistant City Manager

Boxer Staff Member: Gina Semenza

Date Contacted: December 16, 2008

The City of Santa Ana is experiencing significant budgetary challenges and has had to use budget reserves to stay solvent. Currently, the City is \$43 million in deficit and is in the process of developing reduction plans. The City has had to reduce expenditures though postponing large equipment purchases, freezing travel, and scrutinizing unmandated training. City programs have not been delayed or canceled yet. The City is trying to preserve frontline services – police, fire, libraries, etc. Currently, the City is holding 123 jobs vacant, which is helping to increase money in the general fund. Reduction plans might have to include layoffs, but no decisions have been made.

At this point, credit and infrastructure projects are doing fine. The major problem for the City is the growing deficit with the general fund, not credit. There are no direct estimates on the loss of property tax revenue yet because property taxes have a 1-2 year lag time. The City will not see the impact for another 12-18 months. Overall, crime is down. However, burglary-type crimes are up. There has not been a huge surge in code violations. Non-governmental charitable organizations are struggling. For example, the demand for donated toys and food this holiday season has increased, but donations of these items have decreased.

CITY OF STOCKTON

Population: 289,927

Unemployment rate: 11.1 % as of October 2008

Foreclosure filings Jan-Nov 2008: 17,569 (1 per every 7 households)

Local Contact: Gordon Palmer – City Manager, City of Stockton

Boxer Staff Member: Ameen Khan

Date Contacted: December 1, 2008

The City of Stockton cut \$23 million out of its \$204 million general fund for next year as a result of declining revenues. It currently projects a shortfall of at least \$10-13 million in revenue for next year. The City has been forced to cancel and delay a number of programs as a result. The City is currently in the middle of a hiring freeze and its decision to establish a voluntary separation program last year has resulted in the reduction of its workforce by 200. The City's bond rating status has been negatively affected by the economic downturn and it has become very difficult for the City to borrow money.

The City has the highest foreclosure rate in the nation, at nearly 4 percent. The high number of foreclosures is expected cost the City \$18 million in property tax revenue for this year. Due to its historically high crime rate, it is difficult to properly assess the impact of the high foreclosure rate on crime in the City. Nevertheless, the City has taken proactive measures to reach out to its real estate community to address issues that are caused by the City's high foreclosure rate.

As a result of reduced donations across the board, non-governmental charitable organizations in the City are stretched. During the Thanksgiving weekend, the City experienced record-long lines for its turkey giveaways.

CITY OF VALLEJO

Population: 121,097

Unemployment rate: 6.4%

Foreclosure filings Jan-Nov 2008: 5,866 (1 per every 9 households)

Local Contact: Joe Tanner, City Manager, City of Vallejo

Boxer Staff Member: Megan Miller

Date Contacted: December 3, 2008

On May 5, 2008 Vallejo's City Council voted to declare bankruptcy. The City faced crippling debts of over \$16 million and was unable to renegotiate contracts with police and fire unions. The falling housing market has also contributed to the City's financial problems. Vallejo has only had to layoff three people because a large number of public safety employees retired or quit after the Council voted to declare bankruptcy. Although the City would like to borrow funds to cover the financial gap before property taxes come in, the City's bankruptcy status makes it impossible to secure any credit at all.

Foreclosures have been a huge problem for the City of Vallejo. The City recently received \$2.7 million in foreclosure assistance funds from the Department of Housing and Urban Development because the rate of foreclosures is so high. The County Assessor has slashed property values, which has resulted in a tremendous loss of tax revenue for the City.

Vallejo has reduced the number of police officers from 150 to 115. The shrinking police force, combined with growing poverty, has resulted in a spike in crime.

Facing incredibly difficult financial times, the City has had to eliminate funding for all "non-essential" public services, including the Senior Center, the Convention Bureau, PAL programs, the Arts Foundation, and Meals on Wheels. At a time when citizens need these services the most, Vallejo hasn't been able to provide them.