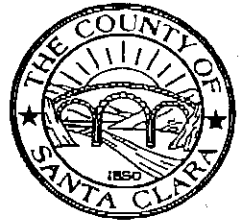


County of Santa Clara

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June 17, 2002

To: Voting Modernization Board

From: Peter Kutras, Jr., Assistant County Executive

Subject: APPROPRIATE FUNDING FROM THE VMB FOR THE NINE MANDATED COUNTIES

There are 3 concepts advanced as alternatives to the Secretary of State staff proposal, any one of which would improve the situation for the nine mandated counties:

1. Allocate 55.02% of all funds (\$105.8M) to the nine mandated counties and allocate the remaining portion (\$89.1M) to ALL 58 counties for modernization efforts. This reflects the 55.02% of eligible voters in the nine mandated counties. The allocation to each of the nine mandated counties contains two components: a) 55.02% of their total project cost, and b) a share of the remainder of the funds on an equal basis with all other counties. This approach is demonstrated on pages 1, 5 and 6 of the attachment.
2. Allocate 100% of the replacement project costs, on a 3:1 matching basis to the nine mandated counties (\$143.5M) and then allocate the remaining funds to the 49 non-mandated counties (\$51.5M). This reflects the unprecedented dilemma and mandates on the already fiscally distressed nine counties and fully funds their replacement costs. The nine mandated counties would NOT share in the allocation of the remainder funds. This option most adequately addresses the needs of the decertified counties. This approach is demonstrated on pages 2, 7 and 8 of the attachment.
3. Allocate 89.4% of the replacement project costs on a 3:1 matching basis to all counties who submitted pre-applications. According to the Secretary of State, there is a total of \$290 million of estimated project costs in the counties who submitted. A 3:1 State match for \$290 million in projects would provide \$218.2 million in funding. The Secretary of State has indicated that only \$195 million is available for allocation. However, this only represents 89.4% of what is needed. This is a straight pro rata allocation based on the project cost estimates as submitted by 45 counties to the Secretary of State. This approach is demonstrated on pages 3 and 4 of the attachment.