

The San Diego Union-Tribune.

Governor's sweeping bond plan fails

Public-works proposal was record \$50 billion

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March 16, 2006

SACRAMENTO – Gov. Arnold Schwarzenegger's push to put a record \$50 billion public-works bond measure on the June ballot failed late last night, handing him a legislative defeat and triggering a new uphill battle to put the package on the November ballot.

Facing a deadline stretched since Friday, the lawmakers made a final attempt to salvage part of a plan that would have made once-in-a-generation investments in transportation, education, water projects and other infrastructure.

But the struggle over the massive plan, containing difficult political issues, caused rifts between the Republican governor and Republican legislators as well as a clash last night between the two powerful Democratic legislative leaders.

“The governor has always said what is important is not June or November but that he and the Legislature work to rebuild California,” Margita Thompson, the governor's press secretary, said in a written statement. “At this point, it is critical that the Legislature build upon all of the work that has been accomplished thus far.”

After weeks of being unable to agree on what became known as the “megabond,” the lawmakers wrangled last night over what parts of the package needed prompt action and came to no conclusion.

Assembly Speaker Fabian Núñez, D-Los Angeles, backed by the governor and Assembly Republican leaders, persuaded the Assembly to pass two parts of the bond package that seemed to be noncontroversial: \$4.1 billion for levee repair and \$19.5 billion for schools and universities.

But Senate President Pro Tempore Don Perata, D-Oakland, backed by Senate Minority Leader Dick Ackerman, R-Tustin, persuaded the Senate to pass a \$1 billion appropriation, not a bond, to provide emergency repairs for levees.

The last-minute political maneuvering took on a semi-comic tone as the Assembly, passing the school bond, ordered the bill to be immediately taken to the Senate.

“Run, Larry!” two aides in the back of the Assembly chambers shouted to a colleague, partly in jest.

But only minutes before, the Senate had passed the levee appropriation bill on a strong 33-0 vote and adjourned for the evening, making it clear the Legislature would not meet the presumed midnight deadline for putting bonds on the June ballot.

Afterward, the two Democratic leaders had different views of whether an agreement could be reached before the new deadline, believed to be in August, for placing bonds on the November ballot. But the prospect for a fall bond deal always seemed remote with increased partisan tensions over the annual state budget battle and the November election, when Schwarzenegger seeks another term.

“We feel confident that we will have a comprehensive bond package that will have bipartisan support done in a timely manner to be on the November ballot,” Perata said.

Perata said that doing the bonds piecemeal would make it more difficult to get voter approval.

“You're breaking this thing apart, and it looks to the voters of California that we don't know what we are doing,” he said.

Ackerman said that a \$1 billion appropriation to fix the levees met the Republican desire to reduce borrowing and pay for infrastructure improvements from the annual state budget. “We have had a lot of discussion about pay as you go, and this is pay as you go,” Ackerman said.

Núñez suggested that the Senate might still be able to act in time to place the levee and education bonds on the June ballot, even though Perata told

reporters that he opposed the piecemeal plan. Núñez would not comment on the Senate levee-funding action.

“We can't give you our opinion on a bill which we haven't had time to read or study,” the speaker said. “I don't know where that bill came from.”

Unlike Perata, Núñez said he thinks the concept of a megabond has to be re-evaluated and perhaps reduced to include transportation and some other parts of the plan.

“I couldn't get one single Republican vote on a megabond package, even after we had agreement with the governor,” Núñez said.

Talks were pushed toward a conclusion by a letter from the director of state General Services, Ron Joseph, saying he could not guarantee that measures approved after midnight would meet the mailing deadline for the June ballot.

Perata said after Senate Republicans blocked passage of the full bond package early Saturday morning that talks would probably shift to placing the bonds on the November ballot. But the prospect of a November deal always seemed even more remote with increased partisan tensions over the election and the annual state budget battle.

Schwarzenegger had planned to announce at a news conference yesterday afternoon that no agreement could be reached on a sweeping public works plan. But he scuttled that announcement and instead convened negotiations with legislative leaders to push for a last-ditch levee bond.

The governor had declared an emergency last month after getting a helicopter tour of about two dozen levee sites in and around the Sacramento-San Joaquin Delta that experts say need immediate repair. He wants the weak points fixed by the next rainy season.

At a meeting with legislative leaders, Núñez urged that the education bond be added to the levee bonds, and the governor later agreed, Nunez said.

Schwarzenegger had originally proposed spending \$222 billion on infrastructure during the next decade. He wanted to place bonds totaling \$68 billion before voters during elections through 2014.

The rest of the money for the governor's plan would have come from existing sources such as the gas tax, about \$96 billion, and from new sources including more federal money and private-sector funds for toll roads, about \$58 billion.

But Democratic legislators trimmed the governor's proposal to a bond package totaling nearly \$50 billion. They dropped his funding for prisons and courts and added funding for mass transit, affordable housing and environmental programs.

“This bond delivers more than \$10 billion for California's natural resources,” Núñez said in an interview Tuesday with a Los Angeles radio station. “This would be the largest environmental bond in the history of California.”

Republican legislators complained that the bond package spent too much on environmental, housing and other programs and not enough on the “bricks and mortar” needed to improve roads and meet water needs for the future.

The most visible sticking point to an agreement on the large bond package was a demand by Republican legislators for money to build new dams in Northern California at sites north of Sacramento and Temperance Flat east of Fresno.

“It's the Republican legislators that have dug in their heels and are demanding to build dams and use public dollars to build dams, which is not a good investment,” Núñez said during the radio interview.

Republicans argue that no new dam has been built in California in decades as the population continues to boom. Democrats say dams harm the environment and argue that water needs can be met through conservation and transfers from farms to urban areas.

Throughout the process, Perata has repeatedly mentioned the lack of “leadership,” an apparent criticism of the Republican governor's apparent inability to get Republican votes for a massive bond package that would give him something to run on during this year's campaign.

“I think the four (legislative) leaders, left to their own devices, could probably work this out,” Perata told reporters yesterday.

Republicans said that an agreement worked out by the governor and the speaker during the weekend, which could have exempted levee and bridge construction from environmental reviews, was undermined by pressure from environmental groups.

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