

Opinion: Digging deep into Prop. 53

By Joe Mathews

One lesson of this California election is already clear: Don't dismiss apocalyptic warnings from Stockton.

If you have a television, you're encountering a barrage of ill-advised Stockton dismissals. Gov. Jerry Brown, labor unions and Sacramento infrastructure lobbies are trying to defeat a November ballot initiative—Proposition 53, which would require voter approval for state revenue bonds of \$2 billion—by marginalizing it as the flawed idea of a rich, selfish Stockton farmer.



Joe Mathews

This messaging turns out to be doubly wrong, as I learned on a recent visit to Stockton.

For one thing, "Stockton farmer" badly underestimates the man in question, Dino Cortopassi, a formidable businessman with a taste for taking on difficult fights. For another, the political message trivializes the real trauma in the city of 300,000 as it struggles through the aftermath of municipal bankruptcy.

Cortopassi grew up on Stockton's eastside and has spent his life in the area, despite amassing a multimillion-dollar

fortune that would allow him to move anywhere he desired. He's also all too familiar with debt. He started as a tenant farmer, borrowing heavily to buy equipment and to farm as much land as he could, and then plowing the profits into expansion.

"I was in debt a long part of my life," he told me. "Debt never goes away. So when you borrow, don't forget you have to pay it back."

Cortopassi, 79, got ahead by specializing in "headache" crops—like tomatoes, cucumbers, bell peppers and onions—which require more labor and attention and carry greater risk. While he identifies himself as a farmer, much of his business was in food processing. He was an early adopter of new technologies, a talented marketer, and a savvy investor (notably in Dreyer's ice cream). His combativeness also distinguished him: he waged big fights against larger food companies and powerful unions.

In recent years, Cortopassi watched, with fury, as his hometown fell into bankruptcy. The Stockton story is a convoluted tale of a city accumulating all sorts of debts, without recognizing the risks.

First, the housing market collapse crushed overextended Stockton homeowners and the city budget. The city had little cushion because it had borrowed aggressively to pay for public buildings, an arena, and downtown improvements. The final straw was a bond Stockton sold in 2007, just before the financial crisis, to cover employee pensions. As a result, basic services were cut, including policing in one of the country's most violent cities.

Cortopassi says he is frustrated by how, despite the fiscal carnage, public borrowing has continued apace. So he started issuing warnings—in interviews, in a pamphlet called "Liar, Liar, Pants on Fire!", and in newspaper ads—about "the Sacramento gang" that keeps adding to the "Debt Dragon."

Cortopassi can be bombastic. During our half-day together,

Cortopassi yelled at me when I argued with him about the numbers he uses on state debt. But, beyond the bluster, I found him to be quite thoughtful.

Prop. 53 reflects Cortopassi's strategic impulses. It might seem like a broadside against one mode of borrowing—a requirement for voter approval for state revenue bonds that have a clear source of funds to pay them back (like tolls for a bridge). But the initiative is actually a political document full of exemptions for local governments, and with a requirement so high—only bonds of \$2 billion or more would require voter approval—that it would only prove an obstacle to two current projects: high-speed rail and the proposed Delta water tunnels. Those projects face so much opposition both may die whether Prop. 53 passes or not.

Cortopassi has business interests in the Delta, so the no on 53 campaign has argued that he's acting to serve himself. Cortopassi acknowledges his fervent opposition to the tunnels, but says his Delta interests amount to less than 5 percent of his empire.

When pressed, Cortopassi said that Prop. 53, like any ballot initiative, can't do everything. His goal for the measure is to win a victory at the polls that forces a further reckoning with debt.

Whatever you think of Prop. 53 (and I remain skeptical), Cortopassi's larger point is inarguable: California governments have taken on too many different forms of debt without facing up to the consequences.

In his writings, Cortopassi shows how debt already cuts into vital public services. He writes about how the state's prison realignment has created financial burdens for cities; about how water bonds are often corrupt efforts to secure money for the favored projects of the measures' sponsors; about the \$60 billion-plus in deferred maintenance on state roads; and

especially about the billions in unfunded pension liabilities.

“We act like we don’t have to pay debt back,” he says.

If you’re from Stockton, you know better.

Joe Mathews writes the Connecting California column for Zocalo Public Square.

Letter: Unraveling loop road truths

To the community,

According to Tahoe Transportation District at the presentation to the Tahoe Regional Planning Agency, “While the project and its alternatives focus on directing traffic flow around the casino corridor and creating a more walkable and bikeable downtown area, the creation of affordable housing is at the heart of the project,” said [Carl] Hasty, [TTD’s leader].



Kenny
Curtzwiler

Mr. [Carl] Ribaud, this kind of throws your reasoning for the loop road under the bus. The only reason they are doing anything with affordable housing is because of the naysayers

and opponents to the loop road bringing it up as an inclusion to the project. The opponents know a loop road is going to go through regardless of what we or you say, as Mr. Hasty has pointed out numerous times in stating, "This is not a city project, but federal project." The opponents are the real heros [stet] in this drama as the proponents were willing to let the TTD walk in and do the project like lemmings off a cliff. We were not and, if anything, most of us are on the same sheet of music with concerns to moving the town forward. The people that are always left out of the loop of what goes on in this town, the community members who actually live here, want to get involved with what goes on in our town and we cannot always rely on our elected officials to not be those lemmings.

We all know the town needs to move forward, but the loop road as it stood in the beginning was not the answer for the community; so against all odds with the proponents and outside interests, they got involved and changed the focus of the loop road away from traffic flow solution to an affordable housing solution that benefits the community as a whole and not just a small section of town. We should be thanking them for what they did and thanking the TTD for bringing this loop road to the table that allowed us to participate in the future of our town and residents.

Kenny Curtzwiler, Meyers

Caesars raising \$3.8B to exit bankruptcy

By Tracy Rucinski, Reuters

Caesars Entertainment Corp.'s main casino operating unit has begun a process to raise up to \$3.8 billion of cash needed to exit a contentious two-year bankruptcy, according to a court filing on Wednesday.

After more than a year of legal wrangling, the Caesars subsidiary last month secured support from the vast majority of its creditors for a wide-ranging plan to emerge from bankruptcy early next year.

Now Caesars Entertainment Operating Co Inc (CEO) is seeking financing for its reorganization plan, which entails splitting Caesars' main bankrupt unit into a casino operator and real estate investment trust (REIT), both controlled by creditors.

Caesars is the parent company of Harrah's Lake Tahoe and Harveys in Stateline.

Read the whole story

Legal pot is still a tough deal for investors

By Trevor Hughes, USA Today

With California voters poised to legalize marijuana this month, investors face a choice: jump into an industry whose tantalizing growth prospects are hamstrung by its criminal legacy or wait until federal-level banking and legal restrictions get resolved.

California for decades has been home to a thriving illegal marketplace for black-market cannabis, but a legalization vote on Nov. 8 could dramatically alter the landscape. A state-

taxed marijuana marketplace in California could generate \$1 billion in taxes, experts say. That's money that today vanishes into the pockets of black marketers and smugglers. Polls show the measure with significant public support.

Nationally, legal pot initiatives could spell a threefold expansion in legal cannabis in the U.S.

Read the whole story

SLT candidate's paperwork on desk at City Hall

It was disclosed late Nov. 4 that Jason Collin's political financial documents have been sitting in the South Lake Tahoe city clerk's office.



Jason Collin

"Apparently a Form 460 was dropped off at the finance counter in an envelope marked Susan Alessi and was left on her desk. She has been out of the office and I don't open what looks like personal mail left on her desk," Assistant City Clerk Ellen Palazzo told *Lake Tahoe News*.

She has since opened the envelope. These are the forms it contained: Collin 497 and Collin 460.

Collin is running for South Lake Tahoe City Council. To have not filed the documents would have been a violation of state law.

The Fair Political Practices Commission had been told Collin had not filed his paperwork. Collin said he did. That led to Palazzo looking on her boss' desk.

– *Lake Tahoe News staff report*

Whole Foods signs SLT lease agreement

By Kathryn Reed

Whole Foods is coming to South Lake Tahoe after all.

The announcement came this week in conjunction with the high-end supermarket chain's fourth quarter earnings report. Leases for its 365 by Whole Foods Market stores have been signed in South Lake Tahoe, Redlands, and Fairfax, Va.

Details of the lease have not been disclosed. A representative from Whole Foods did not respond to an inquiry from *Lake Tahoe News*.

"The stores will feature a simple, affordable and convenient shopping experience that offers the high quality standards that Whole Foods Market pioneered," the Austin, Texas-based chain said in a press release.

It will be built where the Knights Inn currently sits on

Highway 50 near Ski Run Boulevard.

“The fact that Whole Foods has issued a press release is encouraging to us that they have comfort in the contract that we have,” City Manager Nancy Kerry told *Lake Tahoe News*.



This is an example of the architecture Whole Foods uses. Rendering/Provided

The city and Pradip Patel, who owns Knights Inn, entered an agreement earlier this year for the city to purchase the parcel for \$6 million. That agreement **fell apart this fall** when the California Tahoe Conservancy started talking privately to Patel as it angled for the commodities associated with the property.

(Tahoe Regional Planning Agency, the bi-state regulatory entity, has put a price on hotel units, commercial floor area and land coverage which has falsely inflated the value of properties in the basin and has stifled redevelopment.)

Patel did not return a call.

Mike McLaughlin, his attorney, told *Lake Tahoe News* he was unaware of any deal. McLaughlin does not believe the contract with the city is still viable.

"There was a financing contingency as part of the contract and the city didn't satisfy that contingency. So by its terms the contract automatically terminated," McLaughlin told *Lake Tahoe News*.

City Attorney Tom Watson told *Lake Tahoe News*, "Our position is we have an enforceable agreement."

The City Council last month gave Watson direction to look into a potential lawsuit to enforce the agreement with Patel. The contingency was written to give the city an out in case funding from the California Tahoe Conservancy didn't come through. And while that money isn't available to the city, the city came up with the \$6 million.

Patel used the contingency to his advantage to say he could pull out because the CTC wasn't involved. The city says Patel and his attorney are wrong.

Since the blow up this fall Patel has been speaking directly with Halferty Development of Southern California.

Chris Peto with Halferty could not be reached.

What the terms of their agreement are have not been disclosed.

Halferty is in escrow to buy the neighboring property on the corner of Highway 50 and Ski Run Boulevard. The plan is to blur the property lines with commercial development that flows from one parcel to the other.

There is no way, according to officials, that the southwest lot could house Whole Foods because the store needs about 25,000-square-feet of commercial floor area and the corner parcel comes with about half that much.

The city originally wanted to make this a commercial and environmental project. That is why the CTC was involved.

"This is economic development first," Kerry said.

Environmentally the creek that runs under the property was going to be day-lighted and 10,000 pounds of sediment diverted from the lake. The developer is under no obligation to make that happen. It was the Conservancy's money – aka California taxpayers' – that was going to pay for it. That aspect of the project may never happen.

Letter: Questioning chamber's influence on election

To the community,

On Oct. 30, the election committee for the Nevada-based chamber of commerce filed its official report with the city for expenditures for the upcoming City Council election. That filing reported over \$30,000 spend on behalf of the two candidates they are supporting. \$30,000 is a lot of money and this is in addition to funds contributed directly to the two candidates.

These funds paid for several mailings and large newspaper ads run in the local newspaper. One has to wonder what they want so badly that they are willing to spend this much money to get it?

The same newspaper that has expected thousands of dollars in advertising from the chamber has refused to run any ads from the opponents of the chambers chosen two. On Nov. 28, they accepted full payment from a supporter of one of those candidates to run an ad that was intended to expose the efforts of the chamber to get their choices elected. They refused to print it.

I am not a conspiracy advocate, but the public should know that the funds came from Nevada interest, the interest supporting the person that sued the citizens of South Lake Tahoe to stop them from voting on the loop road issue.

Masha Long, South Lake Tahoe (yes, my dad is running for City Council)

Post office delivers SLT ballot to Utah

By Vicki Gonzalez, KCRA-TV

An El Dorado County woman's vote-by-mail ballot mistakenly was sent more than 650 miles away to Utah. The El Dorado County Registrar of Voters is trying to get back the California ballot after it mistakenly traveled out-of-state.

A woman from South Lake Tahoe mailed her ballot last week when it ended up just outside Salt Lake City.

"Found a piece of mail that said, 'Official Ballot Enclosed.' And I was like, 'Wow. Really?'" Leland Neil told KSL-TV. "We get misprinted mail a lot of the time, but not a ballot."

The ballot ended up at Neil's workplace in Ogden, Utah.

Read the whole story

Control burns expected to start Sunday in basin

Weather and conditions permitting, the Tahoe Douglas Fire Protection District and the U.S. Forest Service may continue prescribed fire operations beginning Nov. 6.

Operation locations include areas off Logan Creek Drive and on Kingsbury Grade, and on urban lots near Heavenly Mountain Resort and off North Upper Truckee Road on the South Shore. Operations will continue as conditions allow.

Smoke from prescribed fire operations is normal and may continue for several days after an ignition depending on the project size and environmental conditions.

Before prescribed fire operations are conducted, agencies post road signs around areas affected by prescribed fire, send email notifications and update the local fire information line at 530.543.2816.

Snippets about Lake Tahoe

- Placer County Board of Supervisors on Nov. 15 at 9am will have a public hearing regarding various aspects of Squaw Valley's plans to develop the base area. Supes will be looking at the Planning Commission's **approval from August**. The meeting is at the North Tahoe Event Center in Kings Beach.

- Douglas County Public Library in Zephyr Cove will be closed Nov. 11 for Veterans Day. The library will resume its normal schedule Nov. 12 at 9am.

- Equipto, Micheal Marshall and disc jockey True Justice will be at Whiskey Dick's in South Lake Tahoe on Nov. 12. Doors open at 9pm. No cover.

- Gene Upshaw's NFL career, groundbreaking work as executive director of the NFL Players Association, and personal story will be told in "Highway 63 – The Legacy of Gene Upshaw," scheduled to air Nov. 6, 11am on Comcast SportsNet Bay Area. Upshaw died Aug. 20, 2008, of pancreatic cancer at Tahoe Forest Hospital in Truckee.

- The senior shuttle is providing rides to precincts on Election Day between 9am-2pm for people in Truckee and North Lake Tahoe. Cost is \$3 for those 59 and younger; donations accepted from others. Call 530.550.7451 to schedule a ride.