

Ballot measure threatens bullet train, Delta tunnels

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Two of Gov. Jerry Brown's favorite projects -- building a high-speed rail system and a pair of massive tunnels under the Delta -- face a serious threat if California voters pass a measure heading for the November ballot.

The "No Blank Checks Initiative," bankrolled with \$4.5 million from Stockton farmer and businessman Dean Cortopassi, would require a public vote on any state project in which \$2 billion or more in revenue bonds would be issued. And since both the bullet train and twin-tunnels projects would most likely require that kind of financing, voters could ultimately get a chance to decide their fate.

Cortopassi's initiative is one of more than a dozen measures California voters are expected to decide in November -- the final list of which will be announced Thursday by the Secretary of State's Office. Among them are proposals to legalize recreational marijuana, tighten gun laws, eliminate the state's death penalty and authorize \$9 billion in school bonds.

Although it has received less attention than many of the others, Cortopassi's measure could be the most significant in the long term and have a huge impact on the governor's legacy. It's also setting up a major battle involving taxpayer groups on one side and labor unions and business organizations on the other -- the same interest groups that lined up against each other 38 years ago when Californians passed Proposition 13, the landmark initiative that reined in property taxes and required that voters approve taxes.

"I am concerned about my grandkids' generation," Cortopassi said. "There's too much debt in our state. I'm 79 and my wife is going to turn 80. This isn't about us. It's about the red ink, the pension liabilities and the fact that the state doesn't pay its bills."

Cortopassi began farming on rented land 57 years ago east of Stockton. He built a multimillion-dollar business. Today he and his family grow cherries, apples, walnuts and olives on 1,500 acres between Stockton and Lodi. They also control Stanislaus Food Products, a Modesto company that produces canned tomatoes, pizza sauce and other foods, and they grow rice, alfalfa and tomatoes on 3,000 acres near Walnut Grove.

Concerned about the state's debt -- which the Brown administration estimates at \$318 billion in health care, pension liabilities, bond debt and other obligations -- Cortopassi two years ago took out full-page ads in major newspapers. His ballot measure would change the way bonds can be issued in California, with the goal of having the state accumulate less debt.

Bonds are like IOUs. The government sells them to investors to raise money to build highways, dams, schools and other projects. It pays back the money with interest, over time.

There are two types: general obligation and revenue bonds. General obligation bonds, which are paid back from the state treasury, require voter approval. Revenue bonds, however, do not. The money to pay them back comes from revenue generated from a project. For example, if the state builds a bridge, the tolls from motorists pay off its costs.

To fund high-speed rail, California voters in 2008 approved a \$9.95 billion general obligation bond, but the project's costs have soared from \$33 billion to \$64 billion. One option to fund the rest would be for the state to sell revenue bonds paid back with fares from riders.

Similarly, Brown has proposed a \$17 billion plan to build two massive tunnels, each 40 feet high and 35 miles long, under the Sacramento-San Joaquin River Delta to make it easier to move water south to farms and cities. That would be paid for largely with revenue bonds, funded mostly by rate hikes and property tax increases on water customers.

Cortopassi opposes both projects.

Opponents of his measure include Brown, the California Chamber of Commerce, the Silicon Valley Leadership Group and labor organizations such as the State Building and Construction Trades Council.

They say the initiative doesn't clearly define what a project is and -- although it is intended to exempt cities, counties and universities -- could slow or block construction of projects like large reservoirs and airports if local agencies building them did so in partnership with the state.

"This is not just about big projects at the state level," said Steve Maviglio, a spokesman for the no campaign, which so far has raised \$707,000. "It erodes local control and creates new hurdles to local projects like bridges, hospitals and water systems. It's pretty sweeping. It's another one of these initiatives that if it sounds too good to be true, it probably is."

Cortopassi's biggest ally so far has been the Howard Jarvis Taxpayers Association.

"It's like Proposition 13," said Jon Coupal, the association's president. "If you are committing the financial resources of future generations, it should be put to a vote of the people."

The nonpartisan Legislative Analyst's Office says courts would probably have to decide such questions as whether a series of university medical buildings would qualify as one project if they exceeded the \$2 billion threshold.

The office added, however, in its analysis: "In any case, there would likely be relatively few projects large enough to come under the measure's requirement of voter approval."

Cortopassi, who donated to Republicans such as John McCain and Mitt Romney in the past but is now a registered Democrat, says he doesn't have the resources to spend tens of millions of dollars on TV ads. But, he said, he is ready to weather the coming storm from unions, corporations and other opponents.

"They are revving up the Enola Gay to bomb the hell out of this old farmer in San Joaquin County," he said. "This goes after their cash flow. But I'm trying to start a grass-roots, people-waking-up kind of thing. And I think we can win."

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