

# 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.



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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.

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