Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000. (The Villaraigosa-Keeley Act)

# **Official Title and Summary Prepared by the Attorney General**

# SAFE NEIGHBORHOOD PARKS, CLEAN WATER, CLEAN AIR, AND COASTAL PROTECTION BOND ACT OF 2000. (THE VILLARAIGOSA-KEELEY ACT)

- Provides for a bond issue of two billion one hundred million dollars (\$2,100,000,000) to provide funds to protect land around lakes, rivers, and streams and the coast to improve water quality and ensure clean drinking water; to protect forests and plant trees to improve air quality; to preserve open space and farmland threatened by unplanned development; to protect wildlife habitats; and to repair and improve the safety of state and neighborhood parks.
- Appropriates money from state General Fund to pay off bonds.

# **Summary of Legislative Analyst's** Estimate of Net State and Local Government Fiscal Impact:

- State cost of about \$3.6 billion over 25 years to pay off both the principal (\$2.1 billion) and interest (\$1.5 billion) costs on the bonds. Payments of about \$144 million per year.
- Costs potentially in the tens of millions of dollars annually to state and local governments to operate property bought or improved with these bond funds.

# Final Votes Cast by the Legislature on AB 18 (Proposition 12)

Assembly: Ayes 61 Senate: Ayes 31 Noes 15 Noes 3

# **Analysis by the Legislative Analyst**



## Background

In past years the state has purchased, protected, and improved recreational areas (such as parks and beaches), cultural areas (such as historic buildings and museums), and natural areas (such as wilderness, trails, wildlife habitat, and the coast). The state also has given money to local governments for similar purposes. In the past 25 years voters have approved about \$1.9 billion of general obligation bonds for these purposes. As of June 1999, all but about \$18 million of the bonds authorized by these previous bond acts had been spent or committed to specific projects.

## Proposal

This proposition allows the state to sell \$2.1 billion of general obligation bonds to spend on acquisition, development, and protection of recreational, cultural, and natural areas. General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state personal and corporate income taxes and the sales tax.

The bond money would be used as shown in Figure 1. As shown in the figure, about \$940 million of the bond money would be granted to local agencies for local recreational, cultural, and natural areas. The remaining \$1.16 billion would be used by the state for recreational, cultural, and natural areas of statewide significance.

## **Fiscal Effect**

**Bond Costs.** For these bonds, the state would make principal and interest payments from the state's General Fund over a period of about 25 years. If the bonds are sold at an interest rate of 5.5 percent (the current rate for this type of bond), the cost would be about \$3.6 billion to pay off both the principal (\$2.1 billion) and interest (\$1.5 billion). The average payment would be about \$144 million per year.

**Operational Costs.** The state and local governments that buy or improve property with these bond funds will incur additional costs to operate or manage these properties. These costs may be offset partly by revenues from those properties, such as entrance fees. The net additional costs (statewide) could potentially be in the tens of millions of dollars annually.

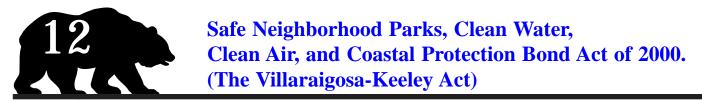
# Figure 1

## **Use of Bond Funds Under Proposition 12**

#### (In Millions)

Grants to Local Governments and Nonprofit Groups		
To fund recreational areas, with grant amount based		
on population of the local area (such as a city, county, or park district).	\$	388.0
For recreational areas primarily in urban areas, as follows:		200.0
Urban areas—\$138 million.		
<ul> <li>Large urban areas (cities over 300,000 population and county or park districts over 1,000,000 population)—\$28 million.</li> </ul>		
<ul> <li>Either urban or rural areas based on need— \$34 million.</li> </ul>		
To local agencies for various recreational, cultural, and natural areas.		102.5
For recreational areas, youth centers, and environmental improvement projects benefitting youth in areas of significant poverty.		100.0
For recreational and cultural areas (including zoos and aquariums) in urban areas.		71.5
For farmland protection.		25.0
For soccer and baseball facilities to nonprofit groups that serve disadvantaged youth.		15.0
To San Francisco for improvements at Golden Gate Park.		15.0
For urban forestry programs.		10.0
For playground accessibility improvements using recycled materials.		7.0
To Alameda County for Camp Arroyo.		2.0
For conservation, water recycling, and recreation in Sonoma County.		2.0
For community centers in Galt, Gilroy, and San Benito County.		1.0
For a wild animal rehabilitation center in the San Bernardino Mountains.		1.0
Total, Grants to Local Governments and Nonprofit Groups	\$	940.0
State Projects		
To buy, improve, or renovate recreational areas.	\$	525.0
To acquire and preserve natural areas.		355.0
To acquire and preserve fish and wildlife habitat.		277.5
To pay the California Conservation Corps for work on projects funded by this proposition.		2.5
Total, State Projects	\$1	,160.0
Total, All Bond Funds	\$2	,100.0

# For text of Proposition 12 see page 90



## **Argument in Favor of Proposition 12**

Yes on 12 for Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection!

We have a responsibility to preserve our communities' air and water quality, and to make our parks safe for our children and future generations.

YES ON 12 WILL:

- Protect Our Air, Water, Rivers & Beaches from Toxic Pollution
- Provide Kids Safe Places to Play

Help Keep Kids Off Streets & Out of Gangs

Protect our Environment & Enhance our Economy

YES ON 12 IS SUPPORTED BY:

National Audubon Society, National Wildlife Federation

- California Organization of Police and Sheriffs •
- National Parks and Conservation Association
- **Congress of California Seniors**
- League of Women Voters, Sierra Club
- California Chamber of Commerce

STRICT SAFEGUARDS WILL ENSURE ALL FUNDS ARE SPENT AS PROMISED:

- Annual Audits
- **Public Hearings** •
- Citizen Review

YES ON 12 WILL NOT RAISE TAXES because it requires existing tax revenues to be spent efficiently and effectively.

 ALL CALIFORNIANS BENEFIT: "Yes on 12 helps California communities make their parks safer for children, families and senior citizens. California's seniors need safe neighborhood parks.'

Congress of California Seniors • SAFE NEIGHBORHOOD PARKS: "Yes on 12 will help reduce crime by creating safer recreational areas to keep kids out of gangs, off drugs, and away from violence. Vote Yes on 12 to provide our children safer places to play. Join us in voting Yes on 12."

California Organization of Police and Sheriffs • CLEAN WATER: "We can help keep our water free of pollution and protect our coast, bays, beaches and rivers from toxic waste by supporting Proposition 12. This measure is vital because it protects the lands that give us clean water."

Clean Water Action • CLEAN AIR: "Yes on 12 will reduce air pollution and improve air quality by planting trees in our communities and by protecting forests, including redwood forests, that purify our air. We will all breathe easier by voting Yes on 12."

#### Coalition for Clean Air

• GOOD FOR THE ECONOMY & JOBS: "California's environment is crucial to our economy. Tourists visit our parks and natural areas bringing millions of dollars to state and local businesses. Our farm economy relies on healthy rivers and streams. By conserving these resources, Yes on 12 helps keep our economy strong and protects businesses and jobs."

California Chamber of Commerce • A POSITIVE LEGACY FOR OUR KIDS: "We need to leave future generations parks, natural lands, clean beaches and a better quality of life! We strongly urge a Yes on Proposition 12!"

League of Women Voters of California • WE ALL AGREE—YES ON 12: Yes on 12 is supported by business, children's groups, environmentalists, labor, religious groups, law enforcement, and senior citizens. Republicans, Democrats, independents, reformers and taxpayer advocates recommend Yes on 12 (See our website at www.parks2000.org).

• YES ON 12—Protect our air and water from pollution, preserve our coast, rivers and beaches, and provide our children with safe places to play while providing annual public audits and strict fiscal safeguards.

> **ROBERT STEPHENS** Chair, National Audubon Society-California ASSEMBLY SPEAKER ANTONIO VILLARAIGOSA Chair; Californians for Safe Parks ALLAN ZAREMBERG President, California Chamber of Commerce

## **Rebuttal to Argument in Favor of Proposition 12**

THIS INITIATIVE SHOULD HAVE BEEN CALLED THE "SPECIAL-INTEREST-HIDDEN-AGENDA BOND MEASURE," BECAUSE THE BACKERS DON'T WANT YOU TO KNOW WHERE THE MONEY IS REALLY GOING!

They say it's for "Safe Neighborhood Parks," but only a small portion is specifically dedicated to local park facilities—and less than 1% will go toward soccer and baseball fields! What about more "Clean Air"? Less than 1% of the money is dedicated to the Clean Air Improvement Program.

THE TRUTH IS, THE GOVERNMENT WILL USE THE VAST MAJORITY OF THIS MONEY FOR PORK-BARREL SPENDING PROJECTS AND TO BUY MORE LAND FOR INSECTS, RATS AND WEEDS THAT YOUR FAMILY WILL NEVER GET TO SEE OR USE.

Why have so many environmentalist special-interest groups endorsed this bond? Not because it will help your family (it won't), but because this bond will transfer your tax dollars to them to pay their exorbitant salaries and spend on their pet projects!

Speaking of special interests, this bond gives \$15,000,000 to the City of San Francisco and \$30,000,000 to the San Francisco Bay Area Conservancy Program to spend on their local projects. Why should the rest of us be forced to pay for that?

YOUR FAMILY WILL NEVER GET TO SEE OR ENJOY THE PROCEEDS OF THESE BOND FUNDS. BUT YOU WILL HAVE TO PAY FOR THEM-about \$3,738,000,000 over the next 20 years, including fees for lawyers and bankers and the effect of compounded interest. It's just not worth it. Just say NO to Proposition 12!

> **RAY HAYNES California Senator BRETT GRANLUND** California Assemblyman CARL McGILL Chairman, Black Chamber of Commerce of Los Angeles County

# Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000. (The Villaraigosa-Keeley Act)



# **Argument Against Proposition 12**

THE NAME OF THIS BOND IS A HUGE DECEPTION— ONLY A SMALL PORTION OF THE \$2,100,000,000 WILL BE SPENT ON NEIGHBORHOOD PARKS AND PLAYGROUNDS!

The sponsors of this proposition would like you to believe that the bond proceeds will be used to fund neighborhood parks and playgrounds, to enhance your community and your family's quality of life. But in fact, only a small fraction of the money has been specifically allocated for local city and county parks and playgrounds, and less than one-percent will be spent on soccer and baseball fields! So where will the rest of the money go? The government will use the vast majority of the money to buy more

The government will use the vast majority of the money to buy more land for insects, rats and weeds. In short, this bond will not benefit your family. Your children will never get to set foot on the land that this bond will purchase, even though they will have to work throughout their adult lives to pay off the bond's debt.

What's wrong with the government using this money to buy more land?

*First,* there is no shortage of "park" space in California, since more than half of all the land in this state is already owned by the state and federal governments. Most of that land is in remote areas, where you and your family can't enjoy it.

*Second*, once government buys new land with bond funds, it will have to spend additional taxpayer dollars to manage its new property. Expect to see your taxes go up if this bond passes.

*Third,* do you remember the raging forest fires that blanketed California with smoke last Fall? Most of the smoke came from fires on government-owned land, where dead and diseased trees were left to rot. If this bond passes, even more land will be owned and neglected by the

government, and left to provide kindling for the next round of forest fire infernos.

*Fourth*, bond measures are among the most expensive and wasteful financing schemes ever devised. According to the Secretary of State, taxpayers must pay back \$1.78 for every \$1 of bond proceeds, because of fees paid to lawyers and bankers and the effect of compounded interest. THIS MEANS THAT CALIFORNIA'S TAXPAYERS WILL ULTIMATELY HAVE TO SPEND \$3,738,000,000 TO REPAY THIS \$2,100,000,000 BOND!

*Fifth*, Californians are already on the hook for \$36,900,000,000 for bonds previously approved for other projects. California is now so far in debt that Standard & Poor's has assigned our state the third worst credit rating of any state in the country!

*Sixth,* the State Legislature determined that these projects were NOT sufficiently important to fund, NOT EVEN WITH THE \$12,000,000,000 IN SURPLUS FUNDS THE STATE HAS REALIZED OVER THE PAST FIVE YEARS.

No schools, no roads, nothing for you and me—just more dirt for insects, rats and weeds. This money is literally being flushed down a rat hole.

Vote NO on Proposition 12!

RAY HAYNES California Senator BRETT GRANLUND California Assemblyman LEWIS K. UHLER President, The National Tax-Limitation Committee

# **Rebuttal to Argument Against Proposition 12**

The opponents are factually wrong.

- FACT #1: SAFE NEIGHBORHOOD PARKS Proposition 12's largest allocation directs funds to every city and county to make neighborhood parks safer for children and families, and provide youth with positive recreational alternatives to gangs, drugs and violence. Projects will be decided by local community leaders—not by far-away politicians. That's why California Organization of Police and Sheriffs Supports Proposition 12.
- FACT #2: CLEAN AIR & WATER—Specific programs will plant trees that help purify our air, and conserve lands around our rivers and lakes to help protect our water from pollution. Everyone's health benefits from clean air and water. That's why Coalitions for Clean Air and Water Support Proposition 12.
- FACT #3: PROTECT REDWOOD FORESTS & THE COAST—Specific programs will preserve ancient redwood forests and threatened coastal lands for future generations to enjoy. It's shameful for opponents to suggest that our redwood trees are "weeds" and our magnificent coast is a "rathole."

- FACT #4: CLEANUP TOXICS ALONG OUR BEACHES, BAYS & COAST—Directs funds to help make these areas safer for public use.
- FACT #5: *TOUGH FISCAL SAFEGUARDS—NO NEW TAXES*—Annual audits, public hearings and citizen review will ensure funds are spent as promised. Proposition 12 does not raise taxes—existing state revenues will be used instead.

"These strict safeguards will make sure these funds are spent properly and efficiently." State Treasurer Philip Angelides

Join the California Chamber of Commerce, Governor Gray Davis and the Audubon Society by voting Yes on 12.

### GAIL DRYDEN

President, League of Women Voters of California JACQUELINE ANTEE State President, American Association of Retired Persons (AARP) LARRY McCARTHY President, California Taxpayers' Association