

Environmental projects taking a hit in state budget crisis

By Paul Rogers
Mercury News

Posted: 01/15/2009 10:31:00 PM PST

Across the state, environmental projects are in limbo, scientists have been laid off and land deals are falling apart since the state froze bond funding to preserve its dwindling cash during the budget standoff.

In all, state finance officials have blocked the release of \$637 million since December in voter-approved bond funding for environmental and water projects, affecting more than 4,000 projects.

"It's having a tremendous impact. The vast majority of conservation and environmental work going on in the state has been affected," said Darla Guenzler, executive director of the California Council of Land Trusts.

Perhaps the highest-profile victim is the biggest wetlands restoration in the Western United States. Nearly all work to restore 15,000 acres of former Cargill Salt ponds that ring the southern edges of San Francisco Bay from Hayward to San Jose to Redwood City was halted in late December.

Thirty workers, including contract scientists studying mercury pollution and planners working on projects to breach old levees or to construct public trails, have been laid off.

"It's frustrating, for sure," said Steve Ritchie, executive project manager of the salt pond

restoration.

Ritchie, who has not been paid in two months, continues to work every day at his office in Oakland. He's coordinating work to restore 600 bayfront acres at Eden Landing near Fremont for fish and wildlife, and to build 40 islands to expand bird populations off Alviso in a former Cargill industrial pond once used to evaporate salt for roads and food.

Although the restoration effort is limping by in some areas with private money and some federal grants, the bulk is stopped, Ritchie said. The federal permit from the Army Corps of Engineers to start heavy construction work just came in.

"It's ironic we are getting the permits just as the money is slipping away," he said, with a deadpan laugh.

The shutdown of environmental restoration, highway work, school construction and other state projects began Dec. 17, when an obscure state agency, the Pooled Money Investment Board, voted to freeze all state bond spending.

The board — made up of state Treasurer Bill Lockyer, state Controller John Chiang and state Finance Director Mike Genest — blocked spending \$3.8 billion until the state budget showdown between Democrats and Republicans in Sacramento is resolved.

California has been unable to sell bonds since last June because of the state's budget shortfalls, and the board is trying to preserve the state's dwindling cash.

The decision to stop bond funding has also set back land deals.

In dozens of cases, nonprofit land trusts agreed to buy beaches, wetlands, forests and other property to protect it from development or preserve wildlife.

State agencies agreed to provide funding to help pay for many of the deals using bond money from voter-approved measures like Proposition 84 or Proposition 50. Yet, with the property in escrow, the state began withdrawing its share, leaving the nonprofits holding the bag.

In one such deal, the Santa Cruz County Land Trust was set to close escrow last week on 95 acres of wetlands and strawberry fields near Watsonville known as the Cheung Property as part of a unique plan to preserve farming and expand wetland habitat. But the state withdrew \$1.6 million — half of the \$3.1 million purchase price.

With another buyer waiting and the sale collapsing, a larger land trust, the Peninsula Open Space Trust, in Palo Alto, saved the deal by putting up the \$1.6 million and taking title.

Most of California's 150 land trusts have budgets under \$1 million a year and cannot afford to cover unexpected costs.

"There are land trusts up and down the state that are small, with small staffs. They don't have big financial cushions. They could go out of business. I'm sure there will be some that do," said Audrey Rust, president of the Peninsula Open Space Trust.

Rust's group is owed \$303,000 in unpaid bills from the state as part of coastal trails it agreed to build on the southern and northern edges of Half Moon Bay.

In Monterey County, the Big Sur Land Trust bought sand dune property for \$275,000 near Marina to add to the state park system. The promised

reimbursement from the state parks department has not come. The group also has halted work on \$7 million for trails, habitat restoration and land acquisition along the Carmel River, and it can't make up for the state grants with private money.

"This is a hard time in terms of raising donations, and our investments are down," said Rachel Saunders, a spokeswoman for the group. "Land trusts are getting hit on all sides, just like everybody else."

Contact Paul Rogers at progers@mercurynews.com or (408) 920-5045.