

# OUT FOR REDEMPTION: CENTENNIAL FACES MATER DEI TONIGHT/B1

FRIDAY SEPTEMBER 19, 2008

TODAY'S OUTLOOK: INLAND: 87/63 MOUNTAINS: 79/52 DESERT: 99/72 COMPLETE LOCAL FORECAST: B12

# THE PRESS-ENTERPRISE

INLAND SOUTHERN CALIFORNIA'S NEWSPAPER **PE.com**

W N

## Legislative leaders bow to governor on budget

BY JIM MILLER  
SACRAMENTO BUREAU

**SACRAMENTO** — Averting a historic veto showdown with Gov. Schwarzenegger, legislative leaders Thursday said they had agreed to changes to this week's budget deal that would end the record-long impasse.

Lawmakers are scheduled to vote on the changes to the \$104.3 billion general-fund

**IN MAIN NEWS**

■ Prison guards re-elect leader, back recall against governor. **A2**

package today. It should end a budget stalemate nearly 12 weeks into the fiscal year that has meant increasing hardship for nursing homes, small companies that do business with the state and other recipients of state money.

"I'm just happy we can get something done so we can get people some money," said state Sen. Bob Dutton, R-Rancho Cucamonga, who voted for this week's budget. "I agree it's not the perfect budget. It's not even a good budget. But given the other choices we had, it's still better than any of them."

Thursday's apparent agreement — SEE **BUDGET/BACKPAGE**

**BY THE NUMBERS**

State budget proposal for 2008-09:

General fund spending: **\$104.3 BILLION**

Shortfall closed by the proposal: **\$15.2 BILLION**

Higher corporate tax penalties: **\$1.5 BILLION**

Education funding: **\$58.1 BILLION**

## Bailout on bank debt in works

**RESCUE PROPOSAL:** White House and Federal Reserve officials are preparing a plan. Congress vows fast action.

BY PATRICK RIZZO, JEANNINE AVERSA AND MARTIN CRUTSINGER  
THE ASSOCIATED PRESS

**WASHINGTON** — The stock market finally found reason to rally Thursday, and Congress promised quick action as the Bush administration prepared a plan to rescue banks from the bad debt at the heart of the worst crisis on Wall Street since the Great Depression.

Details of the plan were still being worked out, but Treasury Secretary Henry Paulson emerged from a nighttime meeting on Capitol Hill to say he hoped to have a solution "aimed right at the heart of this problem."

As word of a government plan began to reach Wall Street earlier in the day, the Dow Jones industrial average jumped 410 points, its biggest percentage gain in nearly six years.

The rebound also came after an infusion of billions of dollars by the Federal Reserve and world governments aimed at getting nervous banks to stop hoarding money and lend again.

Stocks had fluctuated throughout the day, without severe swings in either direction, until CNBC reported the administration might back a new agency to take bad assets off the books of struggling financial institutions, much like it did in the aftermath of the savings and loan crisis of the 1980s.

After the discussions Thursday night, Paulson said the goal was to come up with a "comprehensive approach that will require legislation" to deal with the bad debts, or illiquid assets, on banks' balance sheets. He did not provide any details, but the plan taking shape called for

SEE **CRISIS/A6**

**IN BUSINESS**

■ Big rally by stocks lifts some of the gloom on Wall Street. **E1**  
■ Economic indicators signal deeper downturn than forecast. **E1**  
■ Buffett sees opportunity, boosts pace of acquisitions. **E3**

**IN MAIN NEWS**

■ President Bush is keeping a low profile during crisis. **A6**



**RODRIGO PEÑA/**THE PRESS-ENTERPRISE  
Lehman Brothers' financial crisis has put the opening of the \$600 million Ritz-Carlton in Rancho Mirage on hold.

## Lehman woes stall ritzy hotel

BY KIMBERLY PIERCEALL  
THE PRESS-ENTERPRISE

Construction has stopped on a nearly finished luxury hotel near Palm Springs, funded in large part by \$252.9 million in loans from Lehman Brothers Holdings Inc., the New York-based investment bank that filed for bankruptcy Monday.

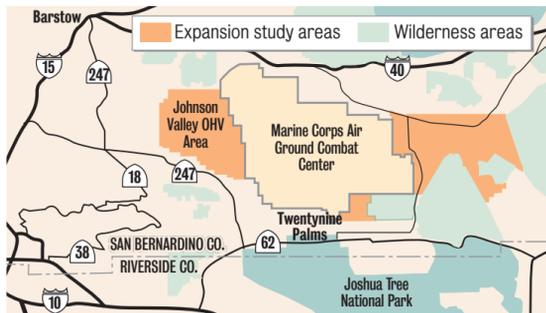
Instead of January, the opening date for the \$600 million Ritz-Carlton in Rancho Mirage is up in the air as officials with GenLB-Rancho LLC, primarily Miami-based hotel developer Gencom Group, wait to see what happens to their lender.

The costly renovation of what had been The Lodge at Rancho Mirage has promised 242 hotel rooms and 118 residences in addition to a 24,000-square-foot spa situated on a hillside 650 feet above the Coachella Valley floor.

SEE **HOTEL/A6**

## MILITARY'S DESERT TRAINING PLANS

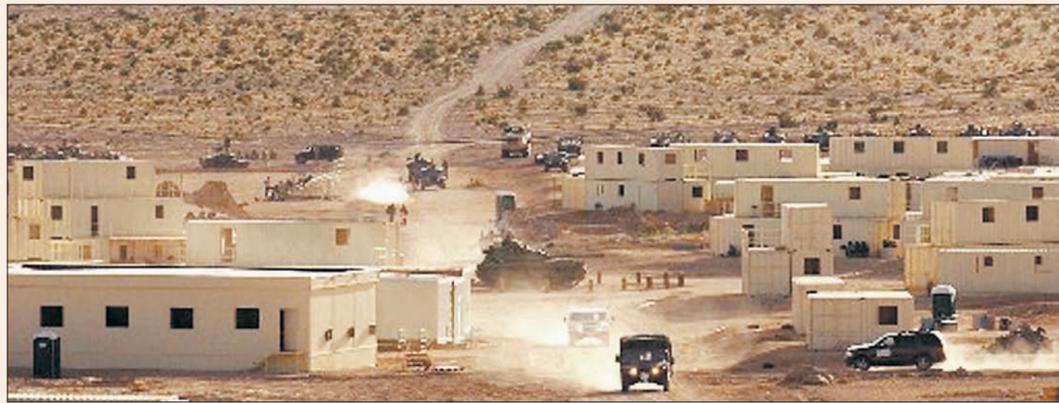
The U.S. Marine Corps wants to expand its 932-square-mile Air Ground Combat Center at Twentynine Palms to better handle stepped-up training. The 658 square miles of public and private land being studied for the expansion includes the largest off-highway vehicle play area in the country and extends to the edges of several wilderness areas.



**WHO OWNS THE LAND IN THE EXPANSION AREA:**

- **341,400 acres** Federal government
- **75,780 acres** Privately owned
- **6,820 acres** State of California

**ANTI-TERROR TRAINING:**



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The Marine Corps would expand its Twentynine Palms combat center by as much as two-thirds. Troops sent to the center fight mock battles in simulated Middle East terrain during anti-terror training. The expansion would allow three battalions to maneuver, using live ammunition with air support.

**TO BE TESTED AT THE SITE:** Training would include weapons system training with two high-profile military aircraft:



**MV-22 OSPREY**

The tilt-rotor Osprey can land and take off vertically. It was envisioned as an ideal craft for moving troops swiftly in rough terrain but sparked much debate because of its cost and two-decade development time. Pattern of Osprey accidents left 30 people dead from 1991 to 2000. Human error and mechanical problems were blamed. Military officials said earlier this year that the Ospreys deployed in Iraq are achieving their goal — transporting troops faster and more safely than helicopters.



**F-35 JOINT STRIKE FIGHTER**

Nicknamed Lightning II, the F-35 is a stealth fighter intended to replace aging aircraft used by the Marine Corps, Air Force and Navy, including the Harrier jet, the F-16 and the F-18. Three versions are being developed and tested. The Marine plane will take off on short runways and land vertically. The project might be the largest defense contract ever, \$275 billion over 20 years.

**THE EXPANSION SITE INCLUDES:**



**OFF-ROAD RECREATION**

Johnson Valley Off-Highway Vehicle Area is a 189,000-acre mecca for motorcyclists and other off-road enthusiasts.

**OTHER FEATURES**

- Habitats for threatened desert tortoises and other wildlife
- Amboy Crater
- Bristol Dry Lake
- Hundreds of miles of public dirt roads

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# Marines eye desert expansion

**TWENTYNINE PALMS:** Much of the 400,000 acres tagged is prime off-road recreation and species-protection land.

BY DAVID DANIELSKI  
THE PRESS-ENTERPRISE

The federal government is evaluating more than 400,000 acres of public and private land — including a major off-road vehicle recreation area — for an expansion of the Marine Corps training center at Twentynine Palms.

Marine Corps officials said they need more territory for weapons testing and live-ammunition exercises for 3,000 or more troops.

The U.S. Navy has identified 424,000 acres of public, private and state land for possible addition to the Marine Corps Air Ground Combat Center. The

acreage is roughly two-thirds the size of the existing training center in San Bernardino County.

The U.S. Bureau of Land Management, which oversees most of the land the military seeks, published an official notice this week that puts a two-year halt on any new uses on that land, including mining claims and solar installations.

The land includes most of the

Johnson Valley Off-Highway Vehicle Area, a 189,000-acre mecca for motorcyclists and other off-roading enthusiasts. It also contains habitat for threatened desert tortoises, bighorn sheep and other wildlife.

Motorcycle enthusiasts and environmentalists both said they have concerns about the plan.

The area encompasses an

SEE **MARINES/A6**

## Metrolink crash casts doubt on law that limits payouts

BY ERICA WERNER  
THE ASSOCIATED PRESS

In the wake of the deadly train collision in Los Angeles, California's U.S. senators are questioning a federal law that sets a \$200 million limit on damage payouts to victims of a train crash.

With 25 dead and more than 130 injured, last week's head-on crash between a Metrolink commuter train and a freight train could test that limit for the first time since its enactment in 1997, experts said.

Brian Panish, a defense at-

torney who is representing two victims of the crash and has litigated past train accidents, said payouts could range from \$5 million to \$10 million for each death or serious injury. So the \$200 million limit could be easily met or exceeded.

Sen. Barbara Boxer, D-Calif., has scheduled a briefing Tuesday with officials from Metrolink, the National Transportation Safety Board and others. The liability limit is one of the issues she plans to raise.

"We want to make sure that

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**Prison rioting turns deadly**

**A5** In the aftermath of a Tijuana jail riot in which 17 inmates were killed, relatives of inmates accuse officials of withholding food or water since the previous riot on Sunday.



**INSIDE**

**Chinese parents demand answers**

**A8** With thousands of sick infants filling hospitals, China's tainted baby formula scandal erupts in a protest by parents at the company that made the product.



**D1 Teachers will be in demand**

Riverside County schools will need to hire more than 10,000 new teachers by 2015, more than any other county in the state, a report says. San Bernardino County's needs ranked third.