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## New day dawns for tribe

### Agua's new compact with state follows 2 years of tough talks

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SACRAMENTO - The two-year battle of brawn between Gov. Arnold Schwarzenegger and the Agua Caliente Band of Cahuilla Indians ended Tuesday with the signing of one of the richest Indian gaming deals for California and puffs of fine cigar smoke.

Ten Cuban cigars from 1959 were plucked from a humidor by the tribe's treasurer, Moraino Patencio, and lit outside Broiler Steakhouse in the capital city.

Agua Caliente leaders revisited the day's events, and toasted Schwarzenegger for his "180-degree turn" in tribal relations.

The contrast in relations was striking.

Just 22 months ago, tribal chairman Richard Milanovich demanded a public apology from Schwarzenegger for rash remarks made against Indians in his "Fair Share" advertising campaign.

The tribe pumped more than \$10 million into a campaign to defeat Schwarzenegger administration-inspired initiatives.

Milanovich vented frustration over an inability to meet face-to-face.

And as the standoff wore on, Milanovich did not discount murmurs in Indian Country of a possible push for a new leader for California.

How did the Palm Springs-based tribe that employs about 2,400 in the Coachella Valley go from spending millions to fight the governor to taking up silver pens to sign a revised compact that funnels up to \$81.9 million a year into the General Fund Schwarzenegger seeks to bolster?

Until now, the deal, worth \$1.8 billion through 2030 has played out like a high-stakes melodrama with the curtain largely closed.

Darrel Ng, deputy press secretary for the governor, said Schwarzenegger will still not discuss conversations or deal-points.

Milanovich has also refrained from giving a play-by-play account of how the deal came down, but a few details have been offered.

### An olive branch

"There was confusion and misunderstanding on both sides," said Assemblywoman Bonnie Garcia, R-Cathedral City. "The energy that surrounds a campaign isn't always conducive to building relationships."



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**Milanovich:** Toasted the governor for his "180-degree turn" in tribal relations.

### MULTIMEDIA

[Interview with tribal chairman Richard Milanovich](#)

[Richard Milanovich discusses amended gaming compact](#)

[Sen. Battin talks about impact of tribe's new compact](#)

### THE NEW DEAL

**Total value:** Up to \$1.8 billion to the state's General Fund through 2030

**Slots:** 5,000, up from current 2,000

**Casinos:** 3, up from 2 today. No immediate plans to build a third casino.

**General Fund input from tribe:** \$23.4 million immediately, up to \$81.9 million a year at deal's maturity.

**Rates:** Every new slot added beyond that to 3,000 would reap a 15 percent return on net win for the state. That makes the blended rate 12.5 percent, nearly 4 percent more than the 8.9 percent business tax rate.

### WHAT'S NEXT

**Ratification:** The compact revision must be ratified by the Legislature. Assemblywoman Bonnie Garcia, R-Cathedral City, and Sen. Jim Battin, R-La Quinta are carrying the legislation.

**Hearing:** The compact revision

After the fierce election year battles, the tribes extended an olive branch in January with a speech by Pechanga tribal Chairman Anthony Miranda delivered at a meeting in Palm Springs.

Schwarzenegger acknowledged in this, his re-election year, it was time to talk.

One day, sometime after the January speech in which Miranda said the parties needed to meet face-to-face, Garcia pressed the point.

While meeting with Schwarzenegger on another matter, she said she held up her cell phone and said, "Look, we have to get this discussion moving. When are you going to call?"

No one will say exactly when the call was placed.

But it started in earnest in May.

Then, the Agua Caliente and other tribes affiliated with Tribal Alliance of Sovereign Indian Nations got their face-to-face meeting with the governor.

Milanovich told the press at that time that he opened the dialogue, and ended it.

He recalled discussion about having the compacts negotiated individually, and capped by telling Schwarzenegger that the Agua Caliente tribe, one of the most successful gaming tribes, would go first.

It did.

## Funneling funds

The tribe sought unlimited slots and longer compact terms.

The 5,000-slot limit deal, which allows the tribe to add 3,000 slots, indicates Agua Caliente didn't get everything it wanted.

Talk got serious in July, and hit a sticking point with local contributions.

Currently the tribe contributes \$11 million to \$12 million to a special fund that is divvied up for police, fire and other local needs. Under the new compact, the tribe's contributions would funnel directly into the state's general fund, which pays for schools, parks and roads across the state.

The tribe agreed to contribute to local communities on top of that and allowed for a binding arbitration clause - unusual for a sovereign nation - if there was a dispute.

The binding arbitration clause bridged that gap, along with the tribe's commitment to contribute to local communities. Its contribution to non-gaming tribes would rise, as well, from \$550,000 to \$2 million a year.

Agua Caliente held its ground on tribal sovereignty. It kept its organized labor ordinance intact.

But most anecdotes were not revealed.

"It's too early to tell that story," Agua Caliente lobbyist Barry Brokaw explained. "It's only half-written."

## Calling Cards

gets its first hearing before the Senate Governmental Organization Committee at 4 p.m. Wednesday.

### TIME A FACTOR

The compact must be ratified in a month's time. Local tribal leaders, legislators and lobbyists are focused on Sacramento. As other tribes still are knocking at Schwarzenegger's door — including several prominent tribal nations that operate major casinos in Southern California — the first tribe to renegotiate with the governor must continue to forge the way and get its compact ratified by the Legislature.

Among the Indian nations watching are the Morongo Band of Mission Indians, San Manuel Band of Mission Indians and Pechanga Band of Luiseño Indians, all of whom hold major casino operations.

### UNION PRESSURE

Another factor is opposition from Jack Gribbon, an official with the Hotel Employees and Restaurant Employees International Union, known as Unite-HERE, who feels the governor has abandoned organized labor in the Agua Caliente compact.

He said HERE has tried to organize at Agua Caliente casinos, and called the new compact a "cold-blooded betrayal."

Milanovich took exception, and came to the governor's defense.

"He has not deserted labor," Milanovich said, but merely recognized that the tribe already has a tribal labor relations ordinance in the 1999 compact that's been kept intact.

Drafted by labor leader John Byrdon, the ordinance is modeled after the National Labor Relations Act and provides for a secret-ballot election to organize.

Milanovich said HERE is objecting so it can try to organize using a card count system involving voluntarily signed cards, a method some say makes an end-run on a

Some of the pressure on the governor came from local legislators and some came from changes in his office structure.

Gaining an understanding of the governor's position is a by-product of the face-to-face meetings said Garcia, who along with Sen. Jim Battin, R-La Quinta, has agreed to carry the legislation as part of a Riverside County delegation of lawmakers and tribal leaders pushing for ratification.

The compact must be presented to the state Legislature as a bill for approval.

Tribes long had felt Schwarzenegger was being shielded by chief of staff Pat Clarey and Dan Kolkey, who negotiated tribal compacts under the Pete Wilson administration and had a controversial track record with 1999 compacts, Battin said.

When Schwarzenegger replaced those staff members with Susan Kennedy and Andrea Hoch, then signed a bill to increase Special Distribution Funding to \$50 million, Battin said the basis for talks was formed.

The phone has rung "countless times" since May, Milanovich said. "There have been five to six meetings" to get to this point.

Ng said Schwarzenegger had always had an open door policy, but his schedule hadn't allowed it until then.

"When the chairman and the governor met this year, he reiterated his open-door policy and said they should have met earlier," Ng said. "The governor wishes he had the time last year, but he had equally important issues, like trying to pull the state back from the brink of bankruptcy, and reforming workman's comp."

Assemblyman John J. Benoit, R-Palm Desert, said "It's long overdue and I'm pleased to see them finally able to get together."

"The governor and Richard Milanovich have personalities that I thought should be meshing for a long time," Benoit said.

David Huntoon, a fellow at the Rose Institute of State and Local Government at Claremont McKenna College, said his analysis is that Kennedy and Hoch made a difference in the attitude and approach, or at least changed the way that attitude is communicated.

"It strikes me as a real attempt to find common ground," Huntoon said.

Tribal chairman Milanovich was ebullient over the deal.

Milanovich marveled at the words Schwarzenegger used inside the Cabinet room, as the compact was signed in a private ceremony.

"He called it a new day," Milanovich recalled, as he stepped into the hallway in the Capitol building. "He talked about a new understanding between California and the Agua Caliente, and a deal that will benefit all of California, which I wholeheartedly support."

"Getting the compact signed was a huge breakthrough," Brokaw said. "But we have to get it ratified, or the signing means nothing."

If the celebratory 1959 cigars are a sign, things look good for Agua Caliente. They had been saved for 47 years as the tribe has worked to advance itself economically, said Patencio, the grandson of the last ceremonial singer of the Kawascit clan.

That year, Agua Caliente's matriarch council traveled to Washington, D.C., to lobby for land preservation and reform - and won.

secret-ballot election for unionization.

### CALIFORNIA GAMING

- California's gambling industry earned over \$13 billion in gross gaming revenues in 2004.
- Indian casinos' gross gaming revenues were an estimated \$5.78 billion of that.

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