



Tom Levy / The Chronicle 1988

Longtime TV news anchor: Dave McElhatton of KPIX, above with Wendy Tokuda, was known for his demeanor and professionalism. **Obituary, C1**

World/Nation

- ▶ **Pakistan floods:** Widespread misery leads to speculation of social unrest and food riots. **A2**
- ▶ **Manila hijacking:** Eight tourists are killed when a former police officer allegedly seizes their bus and then dies in a shootout with police. **A3**
- ▶ **Campaign 2010:** Voters from Alaska to Florida go to the polls in primary elections today. **A4**
- ▶ **Gulf disaster:** Oil company executives testify in the investigation into what caused the immense spill. **A6**

Sporting Green



Carlos Avila Gonzalez / The Chronicle

- ▶ **Giants cruise:** Matt Cain, above, works eight strong innings as S.F. collects 17 hits in an 11-2 rout of the Reds. **B1**
- ▶ **Rotation sensation:** The A's starters, under the guidance of coach Curt Young, are young and thriving. **B1**

Bay Area

- ▶ **America's Cup:** San Francisco backs away from plans to seek an exemption from environmental laws to host the sailing race. **C1**
- ▶ **Business Report**
- ▶ **Piling up:** Compared with other utilities, PG&E's smart meter program is compiling far more complaints. **D1**
- ▶ **Claims paid:** San Francisco firm pays \$52 million in Minnesota bridge collapse. **D1**
- ▶ **Datebook**
- ▶ **Amusements:** One man's mission to preserve the nostalgic charms of one of his favorite boyhood haunts. **E1**
- ▶ **Place:** New "condo" on Mission District block doesn't live up to its promise. **E1**

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State defers school funding

New law allows scheduled payments to be delayed — welfare program also gets shorted

By Wyatt Buchanan
CHRONICLE SACRAMENTO BUREAU

SACRAMENTO — State leaders on Monday used a recently passed law to delay payment of nearly \$3 billion in

funds to K-12 public education and a welfare program, a decision that officials acknowledged will exacerbate difficulties for school districts and counties that already have had to lay off workers.

The move transfers part of the state's money shortage crisis to counties, school districts and local officials, who will be left to decide how to bridge the gap to continue providing services to the public.

"Essentially, this is ... the state pushing its cash management to local districts," said Jack O'Connell, the state **Budget continues on A7**



"Essentially, this is ... the state pushing its cash management to local districts."

Jack O'Connell, California superintendent of public instruction

DEBIT CARDS

New rules on fees a threat to S.F.'s Visa

Company contends consumers will also suffer from reform

By Robert Selna
CHRONICLE STAFF WRITER

Smaller debit card swipe fees and other changes in the recent federal financial reform bill may prove to be a blessing for merchants and consumers, but a curse for Visa, the San Francisco-based company that has dominated the plastic payment industry since its inception.

There is a lot of money involved. In 2009, businesses paid approximately \$20 billion related to debit transactions processed by Visa and Mastercard. Merchants say the fees — which they pay to the cardholder's bank, but are set by the two companies — increasingly have cut into their bottom lines.

"We'll be delighted to see the fees go down," said Rick Karp, the owner of Cole Hardware. "Banks have been getting away with murder for some time now. About 3 cents of every dollar spent in our stores goes to banks for the use of the cards."

Visa and others warn that consumers could be hurt by lowered swipe fees: Banks will charge other fees to make up for their losses and may curtail the rewards that come with using cards. They say that retailers might simply pocket savings from smaller fees rather than pass them on to cus- **Cards continues on A7**



Carlos Avila Gonzalez / The Chronicle

Tourists admire the Vaillancourt Fountain at Justin Herman Plaza on a warm sunny day, rare this year in San Francisco.

WEATHER

Summer is here — don't blink



Liz Hafalia / The Chronicle

Andres Godoy, 6, joins many other children playing in Ryder Park's fountain in San Mateo.

By Demian Bulwa and Peter Fimrite
CHRONICLE STAFF WRITERS

Two months into one of the Bay Area's coolest summers ever, the sun blasted through the gray Monday, filling beaches and water parks, prompting air pollution warnings, and cruelly taunting schoolchildren newly confined to classrooms.

But this may not be a game-changing sizzler, forecasters say. Although today will be the hottest day of the year, with triple-digit temperatures expected from Santa Rosa to San Jose, the rays should recede after that — and by this weekend a few light sprinkles might even be in the cards.

In other words, it'll be back to our summer that isn't.

But, at least for a couple days, heat is king. That much was clear Monday at San Francisco's Ocean Beach, where the strange, bright ball that suddenly appeared in the sky created a near frenzy, causing hundreds of people to engage in **Weather continues on A10**

CAMPAIGN 2010 Governor's Race

Unions 'micro-targeting' potential Brown voters

By Joe Garofoli
CHRONICLE STAFF WRITER

Labor unions backing Jerry Brown for governor are looking for new ways of drawing supporters to counter the bottomless checkbook wielded by his Republican rival, Meg Whitman.

They're using cutting-edge technology, known as "micro-targeting," to locate as many as 2 million more backers in "nonunion dense" places such as



Jerry Brown and Meg Whitman are using similar efforts to woo voters.

Orange County, Fresno and the Inland Empire — conservative parts of California that Brown likely will struggle to

carry. The voters being targeted aren't union members or necessarily Democrats — most are independents, along with a few Republicans.

In a race that is expected to be close, the campaigns of Brown and Whitman are using similar targeting efforts to woo independents, who make up more than 3 million of the state's 17 million registered voters.

The pro-Brown push is being led by

the 2.1 million-member California Labor Federation, whose organizers hope to find voters who hold the same "pro-worker" values as union members — particularly their anger over Wall Street excesses that they blame for one of America's worst recessions.

Organizers are sifting through 800 data points — from individuals' voting histories to whether they own a motorcycle — that they've compiled on every **Campaign continues on A10**

On SFGate.com

Photo contest: Win \$200 in gift cards for best back-to-school shot. sfgate.com/ZKEJ

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Weather

Sunny, warm and pleasant. Highs 81-106. Lows 52-67. **D6**

