

| Public Water Under Private Control: A New Wrinkle on PCL's "Monterey Amendments"  
Court Case

Nine years after the Planning and Conservation League first challenged the re-negotiation of state water contracts, a report by the public interest group Public Citizen has shed new light on the results of those negotiations between the state and leading water contractors.

A December 19, 2003 *Los Angeles Times* article by Mark Arax and a Public Citizen report entitled "Water Heist: How Corporations are Cashing in on California's Water" suggest that the Monterey Agreements ultimately shifted a former state asset—the 1 million acre-foot Kern Water Bank—into private control. Prior to giving away the water bank, the state invested over \$70 million in its development, and water now in the water bank has an estimated worth of \$160 million. The water bank is administered by the Kern Water Bank Authority, which operates from the offices of the nation's largest farming company, Paramount Farming. Paramount Farming is privately held by Los Angeles multi-millionaire Stuart Resnick, and officers of its subsidiaries exert 68% control of the water bank. Other controlling interests include Tejon Ranch and the Newhall Land and Farming Company.

Private control of the water bank raises serious environmental questions. Water sales from the bank could promote sprawling development with little opportunity for a public debate on the best use for scarce water resources. Also, new urban development and the nut crops currently supported by the water bank are less flexible during times of drought than annual crops, potentially increasing pressure for water exports from the San Francisco Bay Delta to Southern California during critical shortages. With localized and privatized control of this former state asset, the state has lost an opportunity to manage "public trust" water resources for the full range of public needs, including adequate drought storage for city residents, environmental protection and restoration, and water quality.

Public Citizen's report is timely, because private ownership of the Kern Water Bank may not be a "done deal." Under PCL's successful settlement with the California Department of Water Resources, the Department is currently preparing an Environmental Impact Report on the Monterey Agreements. When that report is completed, the state is required to re-consider its decision to endorse the Agreements. A new Administration with new information about the results of the Agreements has the opportunity to decide that the Kern Bank would serve Californian's better under state operation, and that water transfers deserve close public supervision.

For more information, contact Eddy Moore at 916-313-4519 or email [emoore@pcl.org](mailto:emoore@pcl.org).