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Meet the Billionaire Couple Who Took Over California's Water Supply

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A newcomer arriving into California's San Joaquin Valley – the most lucrative and industrialized agricultural region in the United States – might think that the entire place is burning. On the horizon in all directions the brown hue of the air suggests a distant fire. As the traveler advances along, say, Highway 99, the fire appears to peel away, a deep stain floating off in the distance, as if forever clinging to the edges of the sky. Upon moving farther in, one slowly realizes that the blaze does not recede. The traveler does not move toward the fire, but within it.

The arid San Joaquin Valley has some of the worst air pollution in the country, a daily cloud of smog and soot that rises from interstate automobile traffic, the belching of a few million cows packed into mega-dairies, the incineration of toxic waste, and the constant fueling of irrigation pumps and food processing plants – all weaving a faded yellow curtain that hangs in the air.

In a region where so much is burning, nothing is more valuable than water.

No one knows this better than Stewart and Lynda Resnick, owners of one of the biggest privately held agribusiness corporations in the United States – Roll International – or, as their website proclaims: “the largest privately held company you’ve never heard of.” Roll’s holdings include Paramount Farming, the largest grower and processor of almonds and pistachios in the world; Paramount Citrus; Fiji Water; Suterra, a pesticide brand; Teleflora; PomWonderful; and the Neptune Pacific Line, a global shipping company.

A large part of the Resnicks’ billion-dollar business entails growing more than 5 million trees in the cracked and dry Westside soil of the San Joaquin Valley, where rain doesn’t fall and rivers do not flow. Kern County receives only five inches of rainfall a year and most of its aquifers have been depleted, contaminated, or both. None of Paramount’s pistachio or almond trees would survive without the daily application of irrigation water pumped through the Sacramento-San Joaquin Delta and down the length of the California Aqueduct.

Over the past two decades, the Resnicks have been at the heart of the most controversial moves in California water politics. When the Resnicks began buying land here in the 1980s from Mobil and Texaco, they acquired contracts for California State Water Project deliveries from the California Aqueduct. From far behind the scenes they helped rewrite the contracts that govern the California State Water Project, commandeered a \$74 million dollar state water bank, and encouraged Senator Dianne Feinstein to intervene on behalf of agribusiness in the conflicts over the ecological collapse of the Delta.

The Resnicks' political involvement is driven by a simple force: money. The Resnicks have made a lot of it over the past 20 years by hoarding state water resources in ways now being challenged in court. In a land of outrageous poverty, the Resnicks have built a billion-dollar fortune by growing trees with water from an artificial river while the migrant workers who tend the irrigation pumps don't have access to potable water in their homes.

The ecology of the entire Central Valley, from Redding to Bakersfield, has been remade over the past 150 years by the engineered movement of water for large-scale agriculture in the valley and real estate development on the coast. "The Westside contains very marginal land that never should have been irrigated," said Richard Walker, professor of geography at UC Berkeley and author of [The Conquest of Bread: 150 Years of Agribusiness in California](#) [3]. "The California Aqueduct was for the Westside, toxic land."

The Eastside was subdivided and sold in the 1880s for small, lucrative, irrigated farms, Walker told me. "The good water was developed early," he said. "The post-1940 dams and big canals are to make up for dry areas."

Started during the Great Depression, the federal Central Valley Project contains 20 dams and 500 miles of canals able to store and move about 9 million acre-feet of water. (An acre-foot is the amount of water necessary to cover an area of one acre to a depth of one foot, roughly the amount of water consumed by two families of four in a year.) Advocates at the time argued that the Central Valley Project would enable farmers to pump less water from underground. Instead, growers used the subsidized federal water to bring 3 million new acres into irrigated production, and continued pumping all the same.

Jealous landowners of vast barren tracts on the Westside of the southern San Joaquin saw the bonanza of the Central Valley Project and demanded a project of their own. The result of their lobbying efforts is the California State Water Project. Constructed in the 1960s, the project includes 19 dams, 10 energy plants, 20 pumping stations, and a 444-mile concrete river: the California Aqueduct.

When the Resnicks went shopping for agricultural land in the late 1980s – looking for a "passive investment" Stewart Resnick told one reporter – the Westside is where they went. Soon after the Resnicks bought into the Westside, multiple drought years between 1987 and 1994 proved that the artificial bounty of the California Aqueduct would not be enough to protect their investment. They needed a back-up plan.

Executives and lawyers working for Paramount thus engineered the takeover of nearly 20,000 acres of state property where the California Department of Water Resources had invested \$74 million to turn a depleted aquifer alongside the Kern River into an underground reservoir, or water bank, capable of storing one million acre-feet of water. After a series of backroom negotiations, the state signed over the Kern Water Bank to five water districts and a private company. The private company, Westside Mutual Water Company, is a paper company owned by the Resnicks, and the water districts are controlled by agribusinesses, including Paramount.

The Resnicks' water grab hasn't gone unopposed. On June 3, 2010, the [Center for Biological Diversity](#) [4] and a group of six plaintiffs filed a lawsuit in state court challenging the private control of the water bank. A separate lawsuit filed by a smaller pistachio grower alleges that the Resnicks sold water from the Kern Water Bank for a profit, a violation of state public utilities law. Still another lawsuit filed by Kern County water districts asked the court to halt pumping from the bank and investigate how much water can be drawn without drying up local wells. *The Fresno Bee* reported that the water table has fallen by 115 feet in just three years, an unprecedented drop. Three of the last four years were dry, and almond and pistachio trees cannot go that long without water.

Beyond the legal technicalities lie larger questions of how vital natural resources should be managed. With the takeover of the Kern Water Bank, a public asset that could have been used to supply clean water to nearby farmworkers' towns – and as a drought-relief water bank for both small towns and farmers – was

instead used to safeguard the water supply of almond and pistachio trees in the desert for a Beverly Hills billionaire couple. Since taking over the Kern Water Bank, Paramount has more than doubled its production of almonds and pistachios, becoming the largest grower and processor of the nuts in the world. And the Resnicks made the Forbes list of billionaires.

Paramount Farming lists two headquarters: Los Angeles and Lost Hills. The contrast could not be sharper. The Resnicks' Beverly Hills home looks more like an embassy than a house and the couple controls more water than any other single agribusiness in the state. The farmworkers of Lost Hills live in mobile homes and cannot drink the water from their taps. The crops they tend drink better, and cheaper, water than they do.

Lost Hills is entirely flat. There are no hills there, lost or otherwise, though the Coastal Range foothills can sometimes be seen through the valley haze some 30 miles off to the west. But to the casual traveler the place would probably seem lost.

"There is nothing here," Ana Chavez, who works at the Lost Hills Utility District, told me. "This is a forgotten community. And you know why? Because it is a community of all Hispanics."

A visit to the town reveals the intertwined fates of water and migrant laborers in California agriculture: Both are pulled hundreds of miles from their places of origin and used to extract wealth from the land. Lost Hills, which stretches for about two hundred yards on either side of Highway 46 in the northwestern corner of Kern County, is a twenty-first century company town.

During the pounding heat of a summer day most people here are out working in the fields; those at home take refuge indoors from the sun. Only children seem to venture out, spraying each other with garden hoses and seeking out patches of shade in which to play. Around 4 p.m., cars and vans start rolling back into town: Men and women emerge, shoulders hunched, carrying small coolers, and walk, exhausted, to their doors. Many stop off at the Village Market store to buy bottled water or fill up five-gallon jugs at a vending machine.

Bordered by oil fields to the west and surrounded by thousands of acres of almond and pistachio orchards to the south, north, and east, Lost Hills has a population of 1,938, according to the 2000 census, and about double that according to those who live here. There is one traffic light in town; postal service consists of a small trailer with P.O. boxes. There is no bank, no pharmacy, and no local government. All public affairs must be conducted in Bakersfield, about 40 miles to the southeast. A small community health clinic, elementary school, local utility district, and county fire station make up the social services available. Two small food stores, a barbershop, an auto repair shop, and three taco trucks, called *loncheras*, comprise the local commerce. The nearest place to deposit a check or go to a supermarket is Wasco, 20 miles away.

Lost Hills is 96.7 percent Hispanic according to the census, which also reports that nearly 70 percent of the population was born in Latin America. One resident charted the local demographics this way: "There are only two *gabacho* families here." (Gabacho, a term used widely in Mexico, refers to a person from the United States.)

The homes are small, single story, simple, and clean, the yards and porches without clutter. There are two trailer parks, each with over a hundred mobile homes slotted one next to the other in rows and circles, everything sun-bleached and worn, and everything impeccably well cared for. If abandoned is the first descriptive term to come to mind here, it is followed soon by dignified. These are working people, and their work ethic can be read in their tidy houses and mobile homes and inside their spotless kitchens. At the same time, the community is unmistakably poor. Thirty percent of the people in Lost Hills receive incomes below the federal poverty level. Nearly everyone labors in the fields for minimum wage.

Yet Lost Hills is only one degree of separation from the stuff of fairytale wealth and glamour, for nearly everyone in town works for the Resnicks.

The Resnicks live in a Beverly Hills mansion on Sunset Boulevard that has been compared, favorably, to the Palace of Versailles. Amy Wilentz, one of few writers to gain access to the Resnicks' home and publish an account of her visit, described walking through the Resnicks' house with Lynda as "like taking a tour of pre-Revolutionary France." Wilentz also cited a "vanity essay" penned by Lynda Resnick that describes her house as "topped off on all four sides with rows of balustrades through which a queen might peek out and utter, 'Let them eat cake.'"

The *Los Angeles Business Journal* estimates the Resnicks' worth at \$1.79 billion. During the recession, when the San Joaquin Valley became an epicenter of unemployment and home foreclosures, the Resnicks saw their fortune grow by about \$300 million. During the dry years, when pumping from the Kern Water Bank caused the local water table to drop 115 feet, the Resnicks were making bank. The couple is what the nonprofit world likes to call "major donors." They've given over \$4 million to political campaigns, according to a recent [California Watch](#) [5] analysis. In 2009, the Resnicks gave \$55 million to the Los Angeles County Museum of Art. The per capita income in Lost Hills in 2000 was \$8,317. The Resnicks handed the LA art scene more than double the combined income of the entire population of Lost Hills.

Many of Paramount's 120,000 acres of orchards surround Lost Hills, and the Paramount Farms processing plant is located about 15 miles away. Everyone I met in Lost Hills either worked for Paramount, had worked for Paramount, or was related to someone – or several people – who work for Paramount. All of the laborers worked for between \$8 and \$8.65 an hour. No one made more.

Aurelio (the names of current Paramount employees have been changed to protect their identities) works for Paramount seven days a week for a total of 62 hours at \$8.65 an hour, no overtime. Farm labor is given overtime only after a 10-hour day and a 60-hour workweek under a law that State Senator Dean Florez, a Democrat from the nearby town of Shafter, is trying to change. Gov. Schwarzenegger vetoed the bill at the end of the 2010 legislative session.

Aurelio is an irrigator; there is no rest for his labor. He has worked at Paramount for 13 years. When asked about his lack of a day off, he responded: "Those little trees always have to get their water because it is very hot."

Aurelio, his wife, and three children live in a small, clean mobile home in a trailer park and pay \$450 a month in rent. Aurelio talks about his work as if recounting tales of adventure – when he speaks his voice lifts and his eyes widen. He has followed jobs from Mexico City to Texas, Los Angeles to Lost Hills. He said of his years of labor: "When one likes to work, it's very beautiful." He had no harsh words for his supervisors or employers at Paramount, though he did not know much about the latter.

"They say just one person is the owner of all this," he said. "but who knows, because it's a lot."

"They have a runway near the plant," he said of the Resnicks' private airport. "Sometimes they visit for New Year's. If there is an employee lunch they get in line for food just like the rest of us. They seem like good people. They don't behave like they feel they are better than us. They eat at the same table."

Another Paramount farmworker, Fernando, hails from Chiapas in far southern Mexico and has been in Lost Hills for seven years, scraping together money to send back to his wife and son. He works 58 hours a week for Paramount: 10 hours a day during the week and eight on Saturday. He earns \$8 an hour. He said: "Paramount supports you more than others. They provide equipment. For example, if you're going to apply pesticides they provide the gloves and goggles; others don't do that."

Asked roughly how many field workers are undocumented, he said: "If not 100 percent, then the majority. If they had their papers in order they would get other jobs. Do you really think that someone with the proper papers is going to be killing themselves for \$8 when at least they'll get \$11 at another job?"

No one working for Paramount spoke an ill word of the company, though the family members of employees and ex-employees I spoke with did. One man who had worked more than ten years for the company told of being fired after a knee injury on the job. He had to go to court to force the company to pay for his surgery. Most other complaints had to do with the company's low wages.

Throughout the San Joaquin Valley farmworkers are pushed to the outer limits of labor laws, working the maximum number of hours for the minimum pay. One can understand a small farmer forced to pay low wages by the brutal hardship of the global market and competition with larger growers. But if anyone could pay living wages to employees and still turn a profit, it would be Paramount.

One woman – who used to work for Paramount and whose two sons work there now, and who asked that I not use her name because, “this is a small town” – said of the Paramount pay scale: “These are hunger wages.”

I walked into Paramount's Lost Hills office one day last July to see if I could speak to someone there. I was given a phone number in Los Angeles for Roll International. I called and was asked to call back. I did and was routed to a recorded message. I left a message after the tone, as instructed. No one returned my call.

Years earlier, while working on another investigation, I also called Roll International to request an interview. That time the receptionist told me straight: “We don't give information to the public.” When I asked her to whom I should address my research questions she responded, “I suggest you don't research us.” Then she hung up.

The Sacramento-San Joaquin Delta used to be the region where the Sacramento and San Joaquin Rivers would meet, pool for hundreds of square miles, and slowly drain into the San Francisco Bay and out to sea through the Golden Gate. Not anymore. The San Joaquin River is mostly diverted for irrigation before it can reach the Delta and the Sacramento is largely lifted out of the southern tip of the Delta and pumped down the San Joaquin Valley for irrigation.

Today, the Delta is a work of human engineering built over 150 years that consists of thousands of miles of levees, emaciated river flows, immense pumps, bromide and mercury contamination, endangered species, and below sea level “islands” housing communities and farms that would most likely be under water within hours of a major earthquake.

The Delta is the hub of California's water engineering system and the current focal point of the state's infamous water wars. Environmentalists and Delta communities want to reduce water exports. Irrigators in the San Joaquin and their strange bedfellows in the powerful Metropolitan Water District of Southern California, which draws water pumped through the Delta, want to increase water exports. There is one thing all sides agree on: The Delta is a disaster waiting to explode.

In 2005, populations of several fish species used to gauge the overall health of the Delta ecosystem plummeted toward extinction. “The Delta is ill. Gravely ill,” wrote *Contra Costa Times* reporter Mike Taugher at the beginning of a [five-part investigative series](#) [6] on the ecological crisis in the Delta. “After decades of decline, the Delta's vital signs have suddenly plunged to new depths.”

Several Delta fish species hang on the verge of collapse, but the tiny, endangered Delta Smelt has become the cause célèbre for environmental lawsuits seeking to stop Delta pumping and the bête noir for agribusiness lobbyists who claim that attempts to save the inch-long minnow come at the expense of jobs.

But the idea of a battle between fish and farmers is a false dichotomy. The fish in question is an indicator species; its extinction represents full-scale ecosystem failure. The farmers in question represent the largest agribusiness firms in the country who face not bankruptcy, but simply a limit on the amount of water they can rely upon from the Delta. The battle in the Delta is not one of fish v. farmers, but collapse v. reliability.

“We have a system where we try to deliver more water than can be reliably delivered. All the signals tell us that we have been exceeding the capacities of the system,” said Tina Swanson, executive director and chief scientist at the [Bay Institute](#) [7]. “It is incontrovertible that we have to expect to export less water from the Delta than we have in the past; it is unsustainable. We’re going to have to learn to make do with less.”

Making do with less is blasphemy in San Joaquin Valley agribusiness. Every major water development in the region has been predicated on the idea of staring collapse in the face and demanding more: the Central Valley Project, the State Water Project, the Kern Water Bank, and the current drive to spend another \$11 billion in bond funds to build more dams and canals and gun the motor of an engine already on the cusp of failure.

Yet making do with less is an unrelenting reality for the people who work in the fields picking fruits and vegetables and tending to the almond and pistachio trees of these same agribusinesses.

“There is this sense that farmworkers prosper only when the farmers do, but that’s not true at all. The farmworkers don’t prosper even when the farmers do,” said Caroline Farrell, acting executive director of the [Center on Race, Poverty & the Environment](#) [8] in Delano. Farrell said that the fish versus farmers spin “is just one more way of exploiting farmworkers. There’s no talk of paying farmworkers just wages.”

Indeed, the California Farm Bureau supports the water bond measure to build more dams. It also lobbied successfully against Senator Florez’s bill to overhaul farm labor overtime rules.

In 2003, I interviewed Paramount Farming’s resource planning manager, Scott Hamilton. At the time I was researching the Kern Water Bank and its potential use for water marketing. Hamilton said that water sales were not Paramount’s main interest. “We’re in a situation of growing almonds and pistachios without a firm water supply, so we went into the Kern Water Bank to secure a water supply,” he said.

True enough. When I asked Aurelio if, during his 13 years working as an irrigator at Paramount a tree had ever died from lack of water, his answer came without a hint of uncertainty: “No.”

The farmworkers in the region are not so lucky.

“If you are poor and a farmworker, then you don’t have clean water,” said Susana De Anda, co-director of the [Community Water Center](#) [9] in Visalia, an organization dedicated to advocating for potable water in the valley. “You pay water rates between \$50 and \$100 a month for water that you can’t drink, and then you have to spend more on bottled water.”

Farmworkers in the San Joaquin Valley have effectively had their water privatized. Their communities have been left out of the major water projects. The groundwater basins have been depleted and contaminated by pesticides and nitrates from the very agribusinesses that employ them. Little to no state funding makes it to their local water systems, leaving them to buy bottled water at the store or from a vending machine. Meanwhile, the Resnicks, in what would seem a scripted irony, own Fiji Water, “the #1 premier bottled water in the US.”

The lack of access to clean and safe drinking water in farmworker communities speaks to decades of exclusion from federal and state water development. The exclusion is not only a question of bitter histories, but also current policy. The \$11.2 billion dollar water bond that Governor Schwarzenegger shifted from the 2010 to the 2012 ballot targets less than one percent of its funds for disadvantaged communities in the San Joaquin and other regions, according to an analysis of the bond by the [Environmental Justice Coalition for Water](#) [10].

“The bond does not take the issue of potable water into consideration,” De Anda said. “It is a project for the growers. Potable water should be first, and priority should be given to the people who do not have access.”

While the residents of Lost Hills are forced to buy expensive bottled water or suffer the consequences of drinking contaminated water, the Resnicks, with their control over the Kern Water Bank, have stored enough water to fill San Francisco's Hetch Hetchy reservoir – twice. Court records show that in early 2007, the Resnicks had 755,868 acre feet in the Kern Water Bank, enough to keep their trees blooming during both a statewide drought and a global recession.

Standing by the Glacier vending machine in Lost Hills one day, I met a 19-year-old woman from Michoacán who migrated to Chicago at age nine with her family before relocating to Lost Hills in 2008. She works a night shift, from 5 p.m. to 3 a.m., picking bell peppers for \$8 an hour. If she works hard, she said, in a month she can save \$300. Asked if she drinks the tap water in her home she said no, that “it tastes nasty and they tell us not to drink it.” So every three days she fills up her jug. On a blazing July day, she pushed her full, 5-gallon jug of drinking water from the vending machine back to her house in a baby carriage. About two hundred yards down the road, the California Aqueduct was full and flowing fast.

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