

## Agency again threatens to shut off water to Diablo Grande community in Stanislaus

By Ken Carlson

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Diablo Grande, west of Patterson, is pictured on Sept. 6, 2018. This area is west of Diablo Grande Parkway and Pinot Noir Drive. Joan Barnett Lee Modesto Bee file

The Kern County Water Agency is again threatening to shut off water deliveries for the 600 homes at Diablo Grande in western Stanislaus County after negotiations have failed to resolve a \$14 million debt for water transfers.

The Kern water agency said in a Jan. 28 [press release](#) that Western Hills Water District, which provides services to Diablo Grande, declined proposals to sell smaller amounts of water for Diablo Grande and significantly reduce the \$14 million owed to Kern.

Western Hills stopped making contractual payments for annual water transfers from Kern in 2019, which eventually brought the [water crisis](#) to a head at Diablo Grande last year. The Kern water agency near Bakersfield is the local contracting entity for the State Water Project.

Kern's news release said [Western Hills](#), during recent negotiations, proposed making payments that are substantially below the cost of the water to be delivered.

"They are over six years behind on payments to the agency and we have a fiduciary responsibility to those we represent," Gene Lundquist, a Kern County Water Agency

board member, said in the news release. “We are no longer able to provide water at no cost and must act to protect the interests of our constituents in Kern County.”

As a public agency, Kern said it can’t agree to arrangements to deliver water at a loss. Doing so would shift financial burdens to other public agencies and their ratepayers.

A top official for Western Hills Water District did not return a message seeking comment.

Not long ago, the Kern agency extended a deadline for resolving the dispute with Western Hills from March 31 to the end of May. The KCWA last year created a panic at Diablo Grande when [it threatened](#) to shut off water June 30 over nonpayment.

Western Hills in response raised residential water rates at Diablo Grande to \$600 per month or more, which generated cash to resume payments to Kern while negotiations were held to find a permanent solution. Kern extended the deadline to Sept. 30, 2025, and then Dec. 31 and March 31.

Kern’s press release does not demand a specific payment of \$14 million before May 31, but it appears the ball is in Western Hills’ court, with the expectation to come up with a proposal that’s acceptable to Kern.

Colin Pearce, special counsel for Western Hills, said in a [post last week](#) the district had thought it was making progress in the talks with KCWA. Representatives for the two entities recently held an in-person meeting. The post said additional meetings and discussions were planned.

## **Attorney says posturing and hyperbole not helpful**

Pearce said the KCWA press release does not accurately describe the negotiations that have taken place. “That type of posturing and hyperbole is also not helpful or productive to the ongoing negotiations,” the post said.

Pearce noted that Kern receives a million acre-feet of water every year and yet “feels compelled to attack a small residential community that has a right to only a tiny portion of KCWA’s water supply.”

Pearce said Western Hills still hopes to resolve the matter before May 31. The post said that Western Hills holds valuable water rights and “will pursue other options if KCWA is not reasonable or cooperative.” It did not provide details on the nature of Western Hills’ water rights.

Diablo Grande once was proposed for 5,000 homes, several golf courses and a conference center and hotel. But only 600 homes were built and sold before the housing industry collapsed in 2008. The community is not supplied by wells or a water main extension from a nearby city; rather, the original developer made arrangements with KCWA for an elaborate 200-mile water transfer allotting an annual 8,000 acre-feet to Western Hills.

It's far more water than what's needed for the current residential community and the cost is more than the district can bear. Efforts to drill productive wells in the foothills to supply Diablo Grande failed before the development began, and test drilling last year was disappointing.

Western Hills has been paying \$30,000 a month to KCWA since the residential water rates were increased in July. The district has hoped to buy the water at a more affordable cost so that monthly water bills can be returned to normal levels at Diablo Grande.

In the post last week, Pearce did not acknowledge the total amount owed to the Kern County Water Agency. "The negotiations have involved sums of money which KCWA claims (Western Hills) owes it under the contract, which obligation, without admitting or conceding the validity of KCWA's claims, was created entirely by the former developers of Diablo Grande," the post said.



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Ken Carlson covers county government and health care for *The Modesto Bee*. His coverage of public health, medicine, consumer health issues and the business of health care has appeared in *The Bee* for 15 years.

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