


Parade



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The Bakersfield Californian

SUNDAY

MARCH 18, 2001

Sports



Ted Musgrave wins NASCAR truck race. C1

Eye Street

New look for California Living Museum. E1



Jose Arredondo, left, takes a tour of the Teen Challenge Men's Ranch near Shafter lead by Rod Tidwell, center, the director of the organization's Kern County chapter. At right, Kyle LePere videotapes the outing for Family Media Group, a business owned by Arredondo.

More than money

Businesses owned by Jose Arredondo

- **Bakersfield Family Motors**, 5300 Wible Road
 - **Delano Family Motors**, 600 First Ave.
 - **Delano Family Motors — Hyundai**, 1109 High St.
 - **El Sol**, 6051 White Lane
 - **Family Motors Auto Body and Paint**, 6860 District Blvd.
 - **Family Media Group**, 5116 Woodmere Drive
 - **Family Realty** in Bakersfield at 930 Oak St.; in Delano at 1109 High St., Suite B; and in Taft at 511 North St.
 - **Family Used Cars**, 5051 Stine Road
 - **Jose's Golf Range and Pro Shop**, 5101 Stine Road
 - **Taft Family Motors**, 501 North St.
- On the Web:**
www.familymotors2000.com

Entrepreneur Arredondo assembles an empire as he carefully crafts an image.

By DEVONA WELLS

Californian staff writer
e-mail: dwells@bakersfield.com

Jose Arredondo came late to the sales meeting. He dropped into a chair against the boardroom wall but couldn't sit still for long. Arredondo needed to talk, to share, to rouse his disciples — as he sometimes refers to his employees. He stood, surveyed the room of Family Motors managers, and began a tale about his visit the previous day to Taft Correctional Institution. Criminals incarcerated there, they are just like you and me, tripped up by mistakes or laziness, Arredondo said. "I don't know too much," he said with a shrug. "Some people walk around thinking they know too much. That attitude has to go away." Now for the motivational punch. Be sensitive to people's feelings, do thorough paperwork, love your job. And don't let anyone leave Family Motors without a warranty. Peace of mind, he reminded the group, is priceless. "It's our responsibility as human beings to help these people. When you help someone, you get stronger," Arredondo said. Feel-good messages are an Arredondo trademark.

PROFILE



Jose Arredondo speaks at the Teen Challenge Men's Ranch near Shafter, where men receive help for drug problems.

From a rural Michoacan village in Mexico, Arredondo moved as a child to California, later quit high school and began washing cars in the San Fernando Valley. Today, the 42-year-old owns and operates an empire of Kern County businesses, most acquired in a three-year buying bonanza. His two-dimensional image blankets the county from billboards and television, beckoning viewers to buy a car or a house or to follow their dreams. He is a master showman orchestrating an intense publicity machine for his businesses and his ideals. But money, he says, is not all he's after. Arredondo makes fat donations to charities and spends time talking to inmates and drug addicts, often

Please turn to ARREDONDO / A10

OPEC cuts crude production by 4 %

But consumers may not see dramatic price spike at the pump, analysts say.

By BRUCE STANLEY

AP Business Writer

VIENNA, Austria — By cutting crude production for the second time this year, OPEC hopes to halt the recent slide in oil prices that offered hope of cheaper fuel for consumers in the United States and other importing nations. The Organization of Petroleum Exporting Countries decided Saturday to curtail its official output by 4 percent, or 1 million barrels of oil a

day, in an effort to avoid supplying markets with too much crude at a time of economic turmoil and weak seasonal demand.

In Washington, the Bush administration called the decision "disappointing" in light of a struggling world economy. The action "demonstrates the importance of increasing America's domestic production and developing a national energy policy that will ensure a stable, reliable, affordable



Khelil

and diverse supply of energy," Energy Secretary Spencer Abraham said in a statement Saturday. But some energy analysts suggested that next month's production cut won't have a significant impact on the prices consumers pay for gasoline and other refined products. "On a retail level, prices will probably firm up a little bit, but they're not going to spike as they did last year," said Lawrence Eagles, head of commodity research at the London brokerage GNI Ltd. The cartel announced its cut, which was at the upper end of most analysts' expectations, after two days of talks in Vienna. OPEC delegates debating the size

of the decrease were forced to consider the effect the current slowdown in global economic growth has on demand. Consumer confidence has eroded, with share values plummeting from New York to Tokyo and fears of a recession rising. The cartel already was expecting demand to ease somewhat in the next few months because of warming weather and a decline in purchases of heating oil in many key markets. "The present weaker world economy and the traditional sharp downturn in demand associated with the second quarter both clearly point to the need for a correction in oil supply, and the conference has taken the

Please turn to OPEC / A11

'Creative' water swap makes waves

Deal to supply resort near Modesto could harm Kern farmers.

By VIC POLLARD

Californian Sacramento Bureau
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In an imaginative, complicated water-swapping deal, Kern County is about to provide up to 2.6 billion gallons of water every year to a controversial luxury resort and residential development some 200 miles to the north. Officials insist it will not divert water that otherwise would be used for irrigating crops in Kern County, where farmers constantly complain of growing water shortages. Nevertheless, critics of the planned Diablo Grande development about 20 miles southwest of Modesto say Kern County is going out of its way to help fuel urban sprawl and leapfrog development that is gobbling up farmland in the San Joaquin Valley. The critics also charge the water deal itself amounts to a legal subterfuge designed to get around objections by the state's top water official, who vetoed an earlier version of it. The story begins a few years ago when the Berrenda Mesa Water District in the arid northwestern corner of Kern County agreed to sell 8,000 acre-feet per year of the annual supply it gets from the State Water Project via the California Aqueduct to the development. That is some 2.6 billion gallons, or about the amount used by 16,000 average households in a year.

Diablo Grande is located on nearly 30,000 acres of a largely unpopulated cattle ranching area in the foothills west of Interstate 5 in Stanislaus County. Two golf courses have already been completed, and Development Coordinator Keith Schneider said plans call for a large, luxury hotel with its own vineyard and wine label and 2,000 homes and condominiums in the 2,300-acre first phase alone. With no water supply of its own, the development now depends on a small temporary supply piped in from a well on the valley floor a few miles away. The well supply is scheduled to be shut off April 29 under local restrictions designed to prevent the development from becoming a permanent drain on the local underground agricultural water supply. Berrenda Mesa officials were delighted to sell the water to Diablo Grande. Berrenda Mesa is one of several water-rich, cash-poor irrigation districts in western Kern County that have been trying to sell part of their state project entitlement for the last several years. Many of their farmers were in dire financial straits and could no longer afford the annual water bills that had to be paid whether they used the water or not. In all, 130,000 acre-feet were up for sale.



Clark

Please turn to SWAP / A11

Droughts, recession led to plan for selling water

Deal let cash-strapped west-side farmers dole out water to bring in funds.

By VIC POLLARD

Californian Sacramento Bureau
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Why does Kern County have water to sell to a luxury resort when local farmers say they often don't have enough water for their crops? The answer lies in the effects of the drought and the recession of the early 1990s, an economic double-whammy from which some areas of the county still have not fully recovered. By the end of the six-year drought in 1993 — also the bottom of the recession — many thousands of acres of


Kern County farm land had gone out production, most of them on the far west side of the San Joaquin Valley. That area has no local groundwater of its own and depends entirely on supplies from the State Water Project, which had little to deliver during the drought. Much of the land has now gone back into production, but some of it still lies fallow. Under the rules of the water project in the early 90s, farmers and their irrigation districts were required to pay for the water they had contracted for, whether they got it or not, and whether they used it or not. Many growers could not afford the payments, and defaults became a serious problem. Please turn to DISTRICT / A11

INDEX

Ann LandersE3
BooksE6
BusinessF1
ClassifiedsF6
CrosswordE3
Eye StreetE1
FuneralsB2
HoroscopeE3

Local newsB1
MoviesE2
OpinionB10
Real EstateF1
SportsC1
TelevisionTV
TravelE4
WeatherB12

WEATHER



High: 72
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Sunshine and a few clouds

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ARREDONDO: From humble roots, entrepreneur has forged a path of profit

Continued from A1
bringing a cameraman to capture the moments and later airing them as infomercials.
Perhaps Arredondo aims to become a kind of moral leader in Kern County. He doesn't rule out the possibility of running for public office — someday.

And while he says he is surprised to find himself where he is today, Arredondo believes he was destined all along for success in Bakersfield.

All about attitude

Arredondo stands around 5 feet 6 inchestall. He jogs a few times weekly, usually two miles, and golfs about once a week.

He sometimes wears a gold eight-lettered pin that spells, in cursive, a-t-t-i-t-u-d-e.

"I'm always thinking, 'How can I impact somebody's attitude?'" Arredondo said.

With slicked hair, a blazer and a smile, Arredondo is seen on billboards lining Highway 99 and Rosedale Highway, on shopping carts, movie theater advertisements, full-page newspaper ads and television spots that run 30 seconds to 30 minutes.

Arredondo believes his billboards help those sidetracked in life. One of the latest Family Motors billboards shows Arredondo standing beside a group of children as a white bird floats in the background against a hazy sunset. It reads: Let's Make It Happen Together!

In his car commercials, Arredondo often is seen with Laura Arredondo, his younger sister and a high-level manager of Arredondo's businesses, who fills in for him when he's gone. Always, the pair are upbeat.

"It's not like we're putting on a face for the public. That's how we are on TV and outside TV," said Laura Arredondo, 40, who's been doing the commercials with her brother since she moved to Bakersfield in 1995 and began working at Bakersfield Family Motors in the Automall.

To anyone who might tarnish this congenial image, beware.

On Aug. 4, 1999, Arredondo was the subject of one paragraph near the end of a weekly golf column in *The Californian*. After it published, Arredondo called the newspaper to vehemently attack the column.

In his column, Robert Gautney wrote this about a new Arredondo car commercial: "Did Jose Arredondo of Family Motors actually hit that shot onto the 11th green at Seven Oaks in his friendly match with Seven Oaks pro and CSUB coach Bill Faeth, or did they splice it? Give it up, Jose!"

Arredondo maintains the columnist used shoddy reporting; that he should have properly researched whether Arredondo made the shot. Asked if Gautney could have been poking fun, Arredondo admitted he doesn't like jokes.

"When someone doesn't take me seriously, they're not respecting me," he said.

The rumor mill

Arredondo bought Bakersfield Family Motors in 1993 after hearing that a Wible Road dealership was going out of business. Today Arredondo owns five car dealerships, a real estate company, an auto body shop, a TV production facility, a Mexican restaurant and a golf range.

In 1999, Arredondo said he earned \$1.35 million. Owing in large part to self-promotion, he is on Bakersfield's short list of celebrities.

"I don't think anybody in town advertises more than he does," said Manuel Lerma, owner of Fiesta Foods-Charlie's Meats, and a marketing consultant. Arredondo estimates he spends \$50,000 monthly on advertising. Some \$20,000 of that is in Spanish, about the same amount he donates on average each month to charity, according to Arredondo.

His success has been dogged since the mid-90s by persistent rumors of drug dealing.

Anonymous callers have reported their suspicions to law enforcement and told *The Californian* Arredondo has been arrested in Miami, Las Vegas or Delano on drug charges.

The tips have never panned out; in fact, *The Californian* could find no criminal record for Arredondo.

Cmdr. Hal Chealander, head of the Kern County Sheriff's narcotics unit, said his department has received similar calls about Arredondo.

"We've looked into it, and there's nothing there that we can find," he said.

Lt. Mel Scott, head of the Bakersfield Police narcotics department, said he can't talk about whether Arredondo has been investigated but said the businessman never has been arrested in Bakersfield. Arredondo also never has been charged with a crime in the city or county of Los Angeles.

People can't believe his wealth is

legitimate, Arredondo said.

"I don't understand why people have so much focus on me instead of worrying about their stuff," he said. "People think, 'Hey, wait a minute. This cannot be real. He must be dealing or doing things. How can he be so generous?'"

Those who work for Arredondo hear the same gossip.

Faeth, one of Arredondo's recent recruits, left Seven Oaks Country Club to become head professional at Jose's Golf Range and Pro Shop after it opened in 1999.

When Faeth took the job, he said friends and family asked if he'd be laundering money for Arredondo.

"Everything I've heard is completely unfounded and, to be honest, it gets me very upset — not because I work for him, but because he's a friend," Faeth said.

Close to 200 people work for Arredondo at his various companies. Those contacted for this story spoke adoringly of their boss. They called him a decent guy, the real deal and a leader.

Rosa Pelaez has known Arredondo since 1982. She moved to Bakersfield from Sylmar to work at Bakersfield Family Motors when it opened.

"He's always been charged up," she said of Arredondo. "He has an aura around him. He's always put out positive energy."

Still, Pelaez remembers facing skepticism.

"If we had let all the rumors get to us, we would have packed our bags and gone back to L.A. because it was from Day One," said Pelaez, controller for all of Arredondo's businesses.

Humble beginnings

Arredondo spent much of his childhood in a southern Mexican village, one of 11 children. There often was little to eat beyond tortillas — sometimes made from borrowed corn — salsa and bananas grown on a backyard tree.

Even then, Arredondo distinguished himself as an entrepreneur. At around 10 or 11 years old, he trudged to a neighboring ranch to milk cows, accompanied by a younger brother. Arredondo's payment was a bottle of fresh milk the family drank for breakfast.

"I think he would take me with him because he was scared because it was so dark," said Sergio Arredondo, 37, one of Jose Arredondo's younger brothers and general manager at Delano Family Motors.

Jose Arredondo always was looking to make a profit, his brother said. In summer months, Arredondo bought watermelons in the field then took them to the town plaza and sold them out of his wheelbarrow.

He was neat even as a youngster and would get after his sisters and brothers for cluttering their two-bedroom house. Today, Arredondo dislikes a messy desk and considers one a reflection of poor character.

When Arredondo was 12, he and his sister Laura illegally crossed the border from Tijuana, accompanied by an older brother who had previously brought several siblings into the country. Arredondo's mother, a former housekeeper, already was living in Valencia, and his father, who died several years ago, came to the United States after his children.

"I just ask God to guide me to good things. Period."

— Jose Arredondo

got caught again.

"Jose would get so frustrated and upset and my other brother used to laugh and say, 'Hey, at last we touched the earth of California,'" Laura Arredondo said.

The pair finally made it in the winter of 1971. He became a permanent resident and last year obtained his U.S. citizenship, he said.

Find your target

One of Jose Arredondo's most familiar billboard slogans reads: Stay Focused, Find Your Target.

Yet he talks of business acquisitions, most of which have occurred in the last three years, as happy accidents.

"I just ask God to guide me to good things. Period."

Arredondo has purchased nine of his 10 Kern County businesses since 1998, starting with Taft Family Motors. His most recent buy opened in November — Delano Family Motors on First Avenue, his second dealership in that town. He also bought and later sold a Porterville auto dealership and the Tejon Theater on Baker Street.

In business, Arredondo always has been a competitor.

Steve Mares remembers Arredondo's ambition well. Mares, general sales manager at Hamer Toyota in Mission Hills, worked about four years with Arredondo when the two were salesmen and then managers.

"He always wanted to be No. 1," Mares said.

Much of the time Arredondo was. In 1986, he sold the most cars among



HENRY A. BARRIOS / THE CALIFORNIAN

Jose Arredondo, center, owner of Bakersfield Family Motors and nine other Kern businesses, talks with a man who had listened to Arredondo's motivational speech at the Teen Challenge Men's Ranch. Kyle LePere videotapes the interview that likely will later air as an infomercial.

about 20 salespeople at Hamer Toyota for at least six months of the year.

Arredondo predicts Family Motors soon may claim the top spot in Kern County. With his recent Delano acquisitions plus a dealership in Taft and two lots in Bakersfield, Arredondo thinks 2001 could be the year that the combined sales of the Family Motors group surpass Three Way Chevrolet and Jim Burke Ford Lincoln Mercury Jaguar as the county's high seller.

Larry Branch, director of operations for Arredondo's companies, said he's projecting sales of 6,000 new and used cars this year for the five Family Motors dealerships, perhaps enough to put Arredondo's auto conglomerate on top.

Those numbers sound "pretty optimistic" to John Pitre, general manager of Bakersfield's three Motor City lots, which carry GMC, Saturn, Buick, Pontiac and Lexus.

It's unlikely any dealer could overtake Bakersfield's top dogs, which sell the county's most popular brands — American-made Ford and Chevrolet, he said. And veteran lots, like 60-year-old Motor City, hold a devoted clientele.

"We don't make infomercials about all the things we do in the community, but it comes back to us," Pitre said.

In 2000, the Family Motors dealerships sold 1,672 new cars, less than half what top seller Three Way Chevrolet did, according to Department of Motor Vehicles numbers in a report provided by Kentucky company Connect Marketing. The numbers, however, don't include used cars and what was sold at Arredondo's newest Delano dealership.

Family Motors does a decent job of attracting Hispanic shoppers, but is the third most-visited compared to Bill Wright Toyota and Three Way Chevrolet, according to a 1999 Gallup poll.

Arredondo goes after Hispanic consumers with Spanish-language advertising, some of it part of mainstream ads. "Usted no solo es un cliente — es nuestra familia," (You are not only a client, you are family) runs in Family Motors' full-page phone book ad. Just more than 50 percent of the salespeople at the Bakersfield lot speak Spanish, Branch said.

Among his colleagues, Arredondo has remained somewhat of an outsider.

Many dealership owners or their general managers meet the second Monday of each month at The Petroleum Club of Bakersfield to discuss legislative issues and plan events as part of the Greater Bakersfield New Car Dealers Association. Arredondo rarely attends but pays dues and usually goes to the association's charity golf tournament.

"I can't remember the last time he was there," said Jerry Cook, past president of the group and vice president of sales at Jim Burke Ford. "Sometimes he sends a representative, but it's been a while."

Arredondo said he avoids the meetings because the association doesn't talk enough about marketing the Automall as a unified group. He said he often sends someone in his place.

"Most of the stuff they discuss is nothing to improve the businesses in the community the way I do," he said.

Building an empire

It wasn't until Arredondo turned 30, having sold cars for a decade at Southern California dealerships, that he decided to do more with his sales commission than spend it on clothes and cars.

Arredondo purchased his first busi-

Jose Arredondo

Age: 42

Family: Mother, Maria Arredondo, 75, Sylmar. Ten brothers and sisters: Ramon Arredondo, 57, Sylmar; Luzina Arredondo, 55, Sylmar; Eliezer Arredondo, 53, Sylmar; Augustin Arredondo, 52, Sylmar; Arcelia Arredondo, 49, Delano; Audel Arredondo, 47, Sylmar; Sonia Arredondo, 45, Sylmar; Laura Arredondo, 40, Bakersfield; Sergio Arredondo, 37, Bakersfield; Martin Arredondo, 33, Bakersfield

Occupation: Owner of 10 businesses

Education: Dropped out of high school

On vacation: "I like to go back to where I was born and lay down in the river and just meditate about life, re-energize my spirit. I'd rather be there than in Hawaii."

On flying: "It just feels funny being in the air. I always say, 'Please God, I can't wait to get on the ground.'"

On Bakersfield: "Anybody with a little savvy can make something out of this town because it's so open to opportunity."

On the nation: "America is bankrupt on the inside. On the outside, everything is beautiful."

On not finishing high school: "I know a lot of people who have a high school diploma and college degrees, and they don't have the guts to own their own business."

On education: "They say we're the strongest country in the world. But when it comes to education, we're the worst in the world."

On success: "This country has all the resources to be a loser or to be a winner."

ness, Royal Coach Autobody & Paint in Northridge, for \$80,000. He partnered with Alex Torres, now manager of the used car portion for both Family Motors dealerships in Delano.

Each ponied up \$10,000 for the autobody shop in 1990 and made monthly payments on the business. Personal savings paid for his up-front share, Arredondo said. A few months later, the pair purchased another body shop in Mission Hills. Then a used car lot in Sylmar.

When Arredondo moved on to Bakersfield, Torres stayed in the southland.

According to Arredondo and court documents, he paid about \$500,000 for Bakersfield Family Motors in 1993. Arredondo said he purchased the Automall property — 5 acres — from Volkswagen last year.

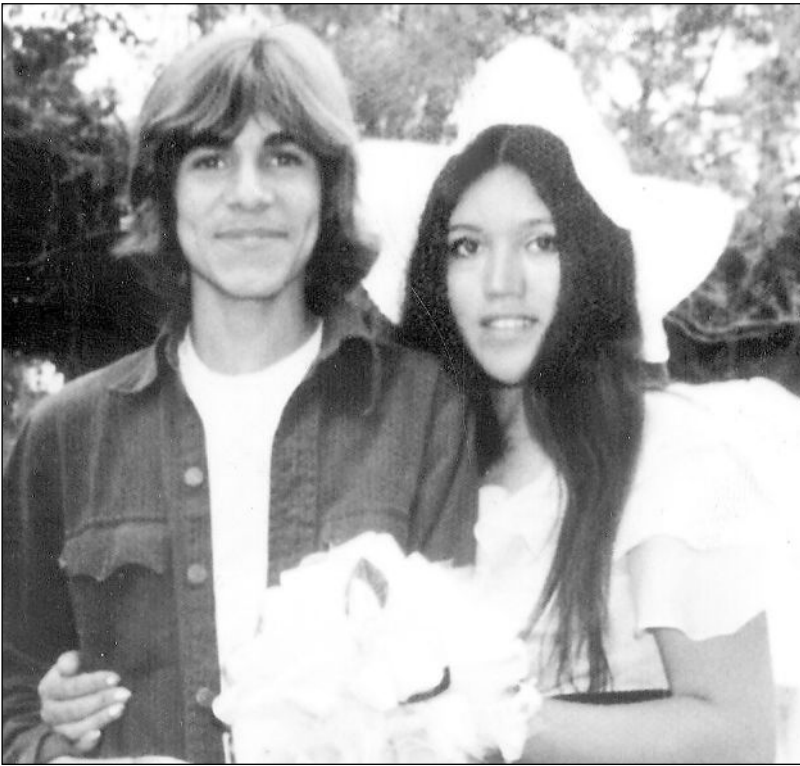
Some of the money used to purchase the dealership Arredondo said he raised on his own, selling real estate he'd purchased in the San Fernando Valley and the used car lot business. He also obtained \$250,000 from mortgage broker Gloria Bishop, a friend who had financed previous ventures.

When Arredondo bought the Wible Road dealership, it sold Volkswagen, Porsche, Subaru and Audi.

Eventually, Arredondo dropped Subaru and Audi and added Hyundai. Other Arredondo dealerships in Taft and Delano also carry Chevrolet, GMC, Pontiac, Cadillac, Oldsmobile and Buick lines. On a typical day, all of Arredondo's lots contain around 1,300 autos.

The financing of Bakersfield Family Motors eventually became a court matter.

Bishop filed a lawsuit in Kern County Superior Court in December 1996, claiming Arredondo failed to recognize an agreement including an option that she become a partner in Family



COURTESY OF JOSE ARREDONDO

A 17-year-old Arredondo is pictured with a friend at a birthday party in the San Fernando Valley.

Motors in exchange for the money she gave him to purchase the dealership.

Bishop requested a 50 percent interest in the business in 1994, just months after Arredondo opened the dealership, according to court documents. The suit was later settled for an undisclosed amount of money.

Arredondo would not talk much about the lawsuit. But he said the agreement that Bishop submitted as evidence and that contained his signature was not signed by him.

When contacted in Woodland Hills, Bishop also declined to discuss the lawsuit in detail.

Of Arredondo's denial that she was to be a partner in the business, Bishop said: "He'd rather have people think he was in the Mafia than admit a woman helped him."

Family and politics

The Family Motors logo depicts two adults, two children and a dog. But Arredondo's home includes no wife or children. He divorced nearly 13 months after marrying in 1997. Ex-wife Lorie Arredondo, who has since changed her last name and lives in Tulare County, declined to talk about Arredondo.

Arredondo says he'd make a better husband now. He hopes to marry again.

"I just can't wait until someday I run into someone that can just slap me and hit my face and say, 'Hey, I am the gal for you,'" he said.

Though he owns El Sol on White Lane, he doesn't care for Mexican food, says it's too greasy. And he doesn't cook.

"I believe the kitchen is for the lady and the man should be outside in the fields working bringing food to the house," Arredondo said. He quickly adds that he doesn't treat the women who work for him any differently than the men.

Arredondo shares his life continually, often talking of his background and beliefs on television or before an audience. But he closely guards some personal details of his life, such as the number of suits he has. Arredondo said he doesn't want to be perceived as a braggart.

He initially declined to talk about the cars he owns, but later said he has several.

"I don't gamble. I don't smoke. I'd rather love cars," he said.

Among the vehicles Arredondo has in his collection are a 2001 Bentley, 2001 Porsche, 2000 Lincoln limousine, 1998 Ferrari, 1966 Volkswagen Beetle, and a 1963 Chevrolet Impala.

Two of Arredondo's siblings and a nephew work at the Family Motors dealerships. Another brother, who previously worked at The Walt Disney Co. in computer graphics as a prop maker and set designer, moved to Bakersfield a few weeks ago and may start selling cars for Arredondo, too.

Arredondo likes leading workers, friends and just about anyone else to a higher truth.

"Most people who work for me believe in God. They believe in principles I do. I think that says it all," he said. Arredondo said that he doesn't ask job applicants about their faith, but his workers like that the company is founded on Christian principles.

The businessman said he's thought of becoming a preacher. Then again, he's considered a run for public office.

When former Mayor Bob Price announced his retirement last year, Arredondo pondered entering the fray. More than 50 people asked him to run, he said. But he couldn't provide names.

"We go to a school function and the teachers say, 'Run for mayor.' He just smiles," said Evelyn Jenkins, Arredondo's personal secretary.

Arredondo said he's doing more good as a business owner than he could as a mayor or congressman.

"It's not in my heart yet. Where I'm at, I'm making a big difference," he said.

Arredondo still may run for office someday, probably at the state level. If so, he'd do it on the Republican ticket.

"The Democrats, if you're lazy, they still send you a check. I don't believe in that," he said.

Power of perception

To hear him talk, one might think Arredondo ran a nonprofit organization.

"If I can help people to see the light and see potential in themselves, that's the greatest joy. Not the money," he says.

Regarding his decision to branch out to Taft and Delano, he said, "I just want to be sure I can make a difference."

For more than two years, Arredon-



HENRY A. BARRIOS / THE CALIFORNIAN

Jose Arredondo speaks in the chapel at the Teen Challenge Men's Ranch. Afterward, Arredondo donated \$5,000 to the organization, which helps people recover from drug addiction.

ARREDONDO: Businessman gives motivation and money

Continued from A10

do has sponsored The Family Hour on KLLY-FM (95.3), which features short interviews and phoned-in announcements about local events. Arredondo normally doesn't participate in the radio show other than paying for it, said Michael Williams, a production manager for Connecticut-based Buckley Broadcasting, which owns KLLY.

Arredondo's intentions seem clear, said Williams, who hosts the show and goes by Miker on air. But Arredondo's motives are another matter.

"You ever talk to somebody and not be able to read him? That's Jose," Williams said.

Motivational speeches to students don't always go over well. Arredondo spoke at West High School in the spring of 1998 to its senior class. Many of the students chatted and snickered throughout his speech.

Arredondo left the stage before finishing his address, according to students who were there.

Sarah Bertrand, a then-senior who saw Arredondo's talk, said the businessman lost the audience early on.

"He just kept going on and on about how his time is valuable and how he's not getting paid for this. He was kind of arrogant," she said.

To hear others tell it, Arredondo is a savior.

In July, the city of Delano was looking at an 8 percent decline in sales-tax revenue from the previous year with a large downtown vacancy, Harvest Chevrolet, closed since 1998.

Then along came Arredondo. Just weeks after purchasing and beginning a remodel of the downtown lot, he bought another Delano dealership, this one adjacent to Highway 99.

Delano's Redevelopment Agency loaned him \$800,000 for the two deals — at reduced payments if the lots bring in at least \$120,000 yearly in sales tax.

The city of Taft also has loaned Arredondo money; \$200,000 in 1998 when he purchased Pioneer Motor Co. and converted it to Taft Family Motors and another \$100,000 in June for the renovation of nearby property to expand the dealership. Otherwise, Arredondo said he's paid for his businesses with personal income and loans from Arredondo Motors Inc., the corporation that holds Bakersfield Family Motors.

Already, Delano has made significant financial strides credited in part to Arredondo's efforts.

The downtown Family Motors dealership opened in September; the other opened nine weeks later. Preliminary reports show the city will almost fully rebound from its sales-tax decline, said Narciso Aguda, interim finance director for the city.

"He's developed a beautiful dealership downtown. It really got people turned on," Mayor Art Armandariz said.

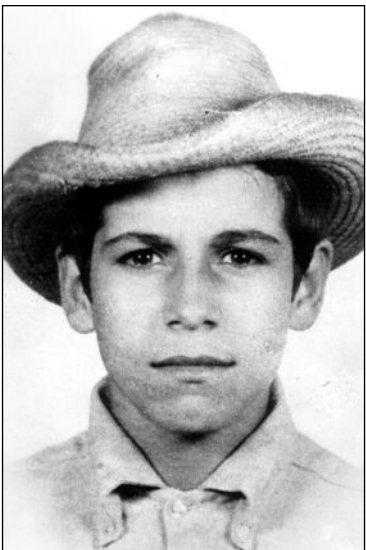
Giving back

Arredondo knows he's something of a Kern County celebrity.

"I guess that comes with the territory. I didn't ask for it. I'm just doing my work," he said.

He pays a cameraman to sometimes videotape his charitable outings and airs them repeatedly, Arredondo says, to show others they, too, could donate their time.

Arredondo's name has been attached to countless local nonprofit organizations and causes since he arrived in Bakersfield. He often gives cash, too. Arredondo says that in 1999 he donated \$243,000 to charity, about a 6 percent increase from what he says he gave in 1995.



COURTESY OF JOSE ARREDONDO

Arredondo is about 9 years old in this photo, taken when he lived in Mexico.

There's no pattern to Arredondo's charity work and no requirements a recipient must meet. His favorite organizations range from Couples Against Cancer to Teen Challenge.

Since arriving in Bakersfield, he's sponsored numerous events, from golf tournaments to concerts.

Arredondo habitually donates money because he hasn't forgotten what he came from, said brother Sergio Arredondo.

"He understands what it is being hungry, not having shoes, not being able to see a movie or eat an ice cream," he said.

But Arredondo's never been without his faith.

All of his Kern County businesses, except Bakersfield Family Motors, have received the blessings of a pastor, Arredondo said.

James Ranger, who also performed Arredondo's marriage ceremony, asked God to bless the business and to bless the staff with an understanding of the Family Motors philosophy.

"It's a sign of being thankful that God has blessed Jose," said Ranger, pastor at New Life Center in southwest Bakersfield, where Arredondo attends church.

'My heart beats like yours'

In October, Arredondo visited Taft Correctional Institution at the request of Larry Jason, pre-release coordinator at the prison. The privately run facility houses federal inmates.

Jason had seen Arredondo on TV and thought the inmates would relate to him — in part for his motivational style and also for his Latino heritage.

Arredondo talked to more than 100 men at the prison's camp, where minimum-security inmates live just around the block from the main prison. The prison's population at the main facility is about 45 percent Latino; it's 19 percent Latino at the camp.

For more than an hour, Arredondo spoke of learning from mistakes, self-motivation and taking responsibility. He walked the center aisle, occasionally resting his hand on an inmate's shoulder.

"He just knew exactly how to talk to them," Jason said. "He was a big hit."

Life lessons go everywhere Arredondo goes.

On a recent Wednesday, Arredondo arrived at the Teen Challenge Men's Ranch outside Shafter in a white Suburban with Rod Tidwell, director of the organization's Kern County chapter.

Also along were Gayle Tape, Arredondo's newest infomercial

host, and cameraman Kyle LePere, who worked then at Family Media Group.

They had come to tour the facility. The foursome entered the ranch office.

Arredondo and Tidwell began bantering — on camera — about the 48-acre ranch and the men who check in to kick drug habits.

"We're not winning the battle on drugs," Tidwell said.

Soon, Arredondo, Tidwell and Tape proceeded to the ranch chapel where 30 men waited in wood pews.

Arredondo entered and strode to the pulpit. He talked of making hard choices, of his teen years in the San Fernando Valley.

"My heart beats like yours," he said.

Arredondo finished with an admonition to avoid trouble. As the men filed out for lunch, Arredondo bounded toward the pews and began shaking hands. He asked two men to stay behind and spoke with each about their drug use and their new lives.

Leonard Chavez of Delano talked to Arredondo on camera and afterward said he was glad to have met the businessman.

"He's a pretty busy man, I imagine. Talking to guys no one really wants around, I think, is pretty cool of him," Chavez said.

Followed by the camera, Arredondo then strolled with Tape and Tidwell back to the office. They reflected on the highlights of Arredondo's talk with thank-yous passed between the three as LePere continued rolling tape.

Then Arredondo pulled from his inner breast pocket an envelope that contained a \$5,000 check and gave it to Tidwell.

"I wish there were more people like you," Arredondo told Tidwell.

Taped in January, the excursion has yet to air but likely will be made into an infomercial. Recent 30-minute infomercials airing on Time Warner Cable's channel 11 featured Arredondo's annual holiday trip to Tijuana where he brought food, gifts and clothing to children and a year-in-review discussion of Arredondo's businesses.

Is 10 enough?

As Jose Arredondo exits his Wible Road dealership, his secretary Jenkins catches him.

Tina Turner will be playing Centennial Garden, she said. Would he like to go?

Arredondo looks doubtful. She tells him that Turner is a great performer, that he'll like her.

"Get two tickets?" she asks.

He hedges.

"No, 10," he replies.

Arredondo didn't attend the December concert because Jenkins couldn't get tickets. But he rarely goes to concerts or movies, anyway, and doesn't know much of pop culture.

When Arredondo vacations, he prefers south Mexico, where he grew up. Time in Kern County is spent at one of his two homes, a house in Seven Oaks and a ranch in the Rosedale area.

In business, Arredondo says he's at capacity. Ten are enough, he's said repeatedly. If an irresistible deal should happen along, Arredondo said he'd sell a business he already owns.

But nothing, he says, will take him from the foot of the San Joaquin Valley, where he's found fame, money and something to crusade for.

Kern County is home.

"I love this country so much because of what I've been able to become here," he said.

SWAP: Supporters insist that deal is 'not sleight of hand'

Continued from A1

Under the 8,000-acre-foot deal, Diablo Grande would pay \$1,000 an acre-foot, or \$8 million, up front and then relieve the local farmers of annual water bills of at least \$65 an acre-foot.

Diablo Grande would get the water by simply pumping it out of the aqueduct, long before it ever got to Kern County, and piping it a few hundred feet uphill to the development.

Although it was one of the smaller sales by any of the west-side irrigation districts, it quickly became the most controversial.

It drew sharp protests from environmentalist critics of the development who were already in court in an effort to stop the construction.

"If this project were to go through, they will build lots of homes on 29,500 acres, and then there would be good reason for another road through the mountains (directly to nearby San Jose) and then it would be all over," said environmental activist Steve Burke.

Environmentalists weren't the only critics. Other agricultural and urban state project customers outside Kern County were concerned about creating a new State Water Project customer that would increase competition for already-short supplies.

Despite the political and legal hurdles however, the proposed water sale lurched ahead until it was ready for final approval last year by the state Department of Water Resources, which operates the project.

There, it was doomed by Director Tom Hannigan, who voiced strong concerns about creating a new customer for the project for the first time

in decades.

"There isn't enough water to go around now," Hannigan said recently.

Without waiting for a formal rejection, local officials went back to the drawing board, and Tom Clark, manager of the Kern County Water Agency, came up with an alternative.

Clark proposed that his agency, which purchases all the state water that comes to the county and wholesales it to local districts, buy the 8,000-acre-feet per year from Berrenda Mesa for the same \$8 million fee that Diablo Grande would have paid. But instead of selling the water directly to Diablo Grande, the agency would store an equivalent amount of water from sources other than the state project in one of its underground water banking areas in the Kern River fan area west of Bakersfield.

Diablo Grande would then purchase that "banked" water from the Kern agency for what the agency paid Berrenda Mesa.

But there is a problem: There is no way physically to get the water from the banking area to Stanislaus County 200 miles to the north.

The solution: Diablo Grande will pump up to 8,000 acre-feet per year from the California Aqueduct, just as it would have under the previous plan.

The "banked" water the development has purchased will then be pumped out and used, when needed, by Kern County irrigation districts.

That makes it an exchange, Clark said, under which Diablo Grande is swapping the banked "non-project water" for an equal amount of project water it will take from the aqueduct. Therefore, Clark and other support-

ers of the new arrangement say, it is not making a new demand on the state project supply or becoming a new state project customer, even though the water it gets will actually be coming from the aqueduct.

Such exchanges are not new, but the Diablo Grande deal is one of the most creative. Clark, who is known statewide for designing imaginative water management strategies, is drawing special kudos for this one.

"It's a gift he has," said Harry Starkey, manager of the Berrenda Mesa district.

But it draws frustration from environmental critics of the development who say it amounts to a sleight of hand that simply disguises the original sale of state project water to the development that amounts to a whole new city out in the middle of nowhere.

Supporters insist it is a legitimate plan that will work, even in dry years.

"It is not a subterfuge," Clark said. "In terms of the actual molecules of water, it's not much different from the previous deal, but in terms of the legal precedent and the legal obligations, it's very different. There's no expansion of the (state project) service area."

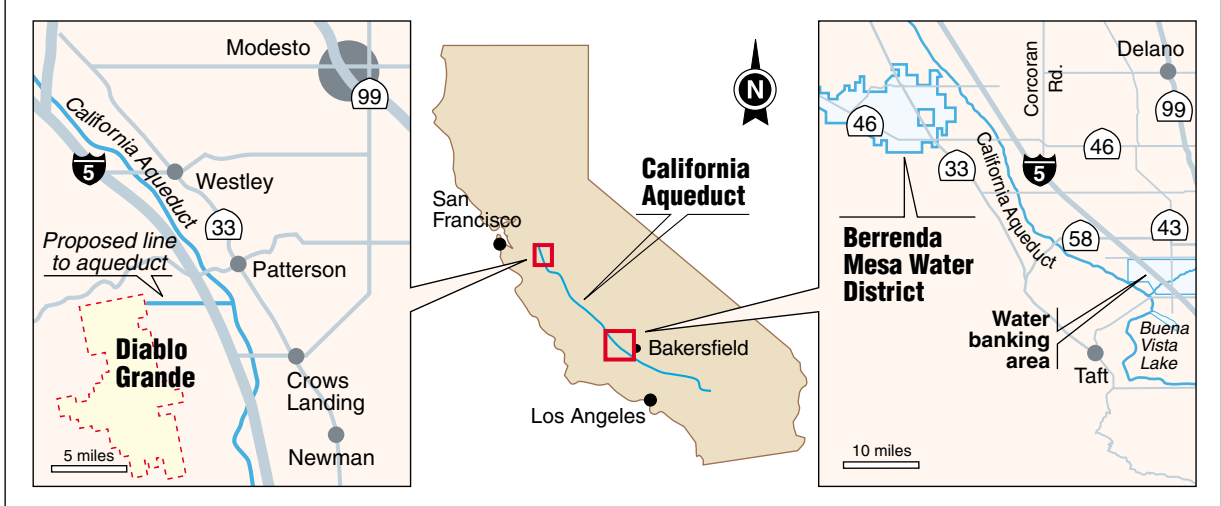
Berrenda Mesa's Starkey said the objections to the water deal are misguided.

"Burke is really a no-growther," he said. "I think it's a real creative water management solution."

Indeed, the proposal seems to have satisfied most of the critics outside the environmental movement.

"It's not a sleight of hand," agreed Hannigan. "This probably wasn't the first kind of arrangement like this and it probably won't be the last."

Diablo Grande water purchased from Berrenda Mesa Water District



Source: Kern County Water Agency, Diablo Grande

THE CALIFORNIAN

DISTRICT: Officials worried about losing Kern Water Bank

Continued from A1

Desperate for relief, Kern water officials opened negotiations that culminated at a meeting of water officials from around the state in Monterey in late 1994.

The Monterey Agreement, as it is often called, allowed west-side irrigation districts to sell up to 130,000 acre-feet of their annual state project entitlement. That is about 13 percent of the 1.1 million acre-foot entitlement for all of Kern County.

An acre-foot is some 325,000 gallons or about the amount used by two average households in a year.

The agreement gave first call on the water to urban agencies who are fellow state project customers.

That encouraged a significant transfer of water from agricultural to urban uses, an increasing goal of government agencies in light of California's growing population. It also discouraged sales to outside agencies, which would create a new demand on already-short state project supplies.

The price of the water was also spelled out in the Monterey Agreement: A one-time, up-front fee of \$1,000 an acre-foot; after that, the buyers would pay the annual cost of the water charged by the state project, which varies from a few dollars an acre-foot to more than \$300, depending what it costs to transport the water to the user's location.

The initial fee was based not on the market value of the water, but was calculated to give the west-side farmers some financial relief for water they had paid for but not received.

Over the last several years, nearly all of the 130,000 acre-feet has been sold to urban agencies, mostly in the San Francisco Bay and Los Angeles areas. Only about 18,000 acre-feet remain and officials say that has been spoken for.

The Monterey Agreement also took care of some other problems within the State Water Project.

Most notably, it transferred ownership of the Kern Water Bank, a 20,000-acre area of the Kern River fan west of Bakersfield from the State Department of Water Resources to the Kern County Water Agency. The department, which operates the State Water Project, had been trying with little success to develop the area as an underground storage area where surplus water could be "banked" during wet years and then used to supplement low aqueduct supplies during dry years.

KCWA quickly got it into operation and has stored more than 1 million acre-feet of water there during the recent good rainfall years.

In return for the water bank, the Kern agency gave the state 45,000 acre-feet of the county's state project water entitlement, in addition to the 130,000 acre-feet the districts were allowed to sell.

However, there is a wild card that casts doubt over all of the transactions. That is a lawsuit filed by an consort-

ium of environmental groups, which charge that the environmental review of the Monterey Agreement was inadequate. They insist that the review was conducted in virtual secret by an obscure coastal water district with no stake in the agreement, and excluded environmental groups. The lawsuit demands that the environmental study be redone with the Department of Water Resources as the lead agency.

One of the issues is that the Kern County Water Agency did not pay any money for the Kern Water Bank.

That upsets Tom Clark, manager of the agency, who points out that Kern gave up 45,000 acre-feet of water.

"The official price of that water is \$1,000 an acre-foot," Clark said. "How does \$45 million strike you?"

But the critics say that is water, like the 130,000 acre-feet, that Kern couldn't use and was trying to get rid of. The environmentalists have won at the appellate court level. The state Supreme Court has refused to intervene on behalf of the water agencies.

With Kern and the state on the defensive, settlement negotiations are scheduled to begin soon.

For Kern water officials, the worst-case scenario is that they could lose ownership of the Kern Water Bank and all of the transactions involving the 130,000 acre-feet of water could be voided.

However, most observers guess there will be some kind of compromise.

OPEC: Iraq may foil cartel's plan if it chooses not to adhere

Continued from A1

decision to stabilize the oil market," OPEC president Chakib Khelil from Algeria said.

As of April 1, OPEC will trim its output quota to 24.2 million barrels a day from its current 25.2 million barrels.

Analysts had generally forecast a decrease in output of at least 500,000 barrels a day.

However, the extent to which individual members will comply with their new targets is unclear. Venezuela and Nigeria, among others, have had a history of busting their quotas.

Last month, the cartel produced some 500,000 barrels above the daily target it set in January, when OPEC members agreed to top 1.5 million barrels off their previous quota.

This overproduction means that even if OPEC reduces its official output by 1 million barrels a day, the actual

decrease in output might equal only half that amount.

"If OPEC had complied in February, they wouldn't have to cut now," said Mehdi Varzi, a senior oil analyst at the investment bank Dresdner Kleinwort Wasserstein in London.

Another variable is Iraq, one of OPEC's largest producers. Because the United Nations regulates its oil exports, Iraq is the only one of OPEC's 11 members that doesn't participate in the group's production agreements.

Iraq has withheld crude from the market since December because of a pricing dispute with the United Nations. If Baghdad were to resume pumping the 2.8 million barrels a day it produced last autumn, that could upset the delicate balance of supply and demand that Saudi Arabia and the rest of OPEC are hoping to achieve.

By trying to firm up prices, OPEC

risks being accused of worsening the global economic downturn. Mike Rothman, head of energy research for Merrill Lynch in New York, said such accusations would be unfair.

Rothman said the price of oil is much less important to the overall health of the U.S. economy than it used to be.

Still, Bill Edwards, an energy consultant in Houston, reacted with alarm to the size of the cut.

He predicted that crude prices could increase by as much \$6 a barrel and gasoline prices by as much as 30 cents a gallon.

Others foresaw a much less dramatic impact for consumers.

Heather Rowland, an oil strategist at UBS Warburg in New York, said average retail fuel prices over the next 12 months might actually decline compared to the same period last year.