

ECONorthwest Report Synopsis

The Nestle proposed facility would impose costs and obligations on the community that would likely outweigh the benefits.

Looking at Crystal Geysers and Coca Cola, low-paying production jobs are hard to fill. There is no guarantee employees would be from McCloud and the majority of these positions would not attract new residents. People from outside McCloud would likely fill higher paying jobs. (Pages: 35-40)

Nestle will not improve unemployment rates or overall employment levels in McCloud or Siskiyou County (Pages: 35-40)

Nestle may cause losses of other jobs, firms, and residents in the county, thereby offsetting the 1 million annually in property taxes they might eventually generate. (Pages: 51-52)

The facility would likely displace current employment at existing firms and employment that would have materialized in the future thus the net job increase at full build out is likely closer to 70 jobs. (Pages: 42-43)

Hidden costs of truck traffic include traffic accidents, congestion, air pollution, negative health effects, increased road maintenance, and possibly the need for additional law-enforcement services. (Pages: 54-57)

Nestlé's wastewater would consume one-twelfth of the remaining sewer capacity or pose a risk of contamination to the area's groundwater (Page 57-60)

A large facility occupies the time of public officials and consumes public resources. (Pages: 59-60)

Natural amenities attract wealth and the value of water is increasing

Quality-of-life amenities such as recreational opportunities, scenic vistas and healthy environments influence economic growth more than commodity-oriented, resource-intensive industries. Recent growth in McCloud indicates that the natural amenities of the area are important economic assets, as they attract people and firms. (Page:18)

Nestlé's proposed facility would consume one of the area's most economically valuable assets, and reduce the availability of water for competing uses--municipal, industrial, agricultural, and environmental--in a time when population growth, changes in precipitation and drought, and the accompanying regulations on streamflows and water diversions will increase the strain on California's water supplies. (Pages: 10-13, 17-22)

Nestlé's proposed price is less than they've paid elsewhere and less than the value of water for other uses in California. For example, Nestle pays Pure Mountain Spring Company \$2,183 per acre-foot for spring water. In 2004 the average lease price for water in California was \$80 per acre-foot, and the average sale price was \$1,207. (Pages: 28-33)

The future of the water bottling industry is uncertain

The current market trend is away from spring water to purified tap and flavored water. Consumer concerns about plastic bottles, water quality and fuel emissions from water shipments have initiated a government policy trend away from bottled water and create uncertainties about Nestlé's ability to generate prosperity over the life of the contract. (Pages: 23-27)