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## **NEW ECONOMIC REPORT SHOWS PROPOSED NESTLÉ WATER BOTTLING PLANT IN MCCLOUD COULD HURT LOCAL ECONOMY**

*Potential Loss of Jobs, Proposed Water Prices below Average Market Value, Environmental Impact Remains Unknown*

**McCloud, CA** – A new report that analyzes the long-term economic impact of the proposed plant in McCloud shows the price for water under the current contractual agreement between Nestlé and the McCloud Community Services District (MCSD) is far below market value and that the new plant is unlikely to create a significant net gain of long-term, permanent jobs for McCloud residents. The report was prepared by Eugene, Oregon-based ECONorthwest, a firm with 30 years experience specializing in economic and financial analysis of public policy, on behalf of the McCloud Watershed Council.

The ECONorthwest report indicates that Nestlé's facility would not improve overall employment levels in McCloud or Siskiyou County and that the promised 240 jobs may also translate into the loss of other jobs in the County. Although the eventual assessed value of a water bottling facility in McCloud may generate more than \$1 million in property taxes annually, the study indicates that this amount would be offset by increased demands on infrastructure and potential job losses.

“The proposed contract between Nestlé and the MCSD creates a number of risks for the people of McCloud and Siskiyou County,” said report author Kristin Lee of ECONorthwest. “We looked to other communities with water bottling plants for examples of the local impacts that could materialize in McCloud. The bottom line is that these plants are not strong engines for local economic growth. The plants do create some jobs, but from what we can tell, most of these jobs are production positions with relatively low wages. Moreover, much of what makes McCloud appealing to retirees, tourists, and entrepreneurs is likely to be lost through the location of a bottling plant in the area.”

The report examines Nestlé's proposed water usage in relation to predicted population growth for California, including in Siskiyou and Shasta Counties, as well as likely changes in precipitation patterns projected by scientists studying global climate change trends. It cautions McCloud against entering a contract that could severely reduce flexibility over water-use decisions for the next 100 years in the face of so much uncertainty regarding water demand and availability in the decades to come.

The report also emphasizes growing opportunity for McCloud in the area of tourism. McCloud has seen an economic resurgence in recent years in the wake the collapse of the local timber industry. Several local hotels and tourist-oriented small businesses, such as the Shasta Sunset dinner train, see large numbers of tourists passing through McCloud each year to take advantage of the natural beauty and fishing opportunities. Retirees looking for a more affordable lifestyle than in other parts of California are also relocating to McCloud. The proposed one-million

square foot Nestlé plant would drastically increase traffic on local roads and could have a devastating effect on fishing and other outdoor recreation, all of which would diminish the McCloud's appeal as a tourist and retirement destination.

“Nestlé has worked hard to create the illusion that McCloud residents are desperate for the economic boost the plant would supposedly provide,” commented Sid Johnson, McCloud Watershed Council board member and long-time McCloud resident. “But they're not saying anything about what will be lost if the plant comes to town. This is a bad deal for McCloud.”

The current contract states Nestlé will pay \$26.40 per acre-foot for McCloud's pristine spring water, while past studies of water transactions have found average lease rates for water in California in 2004 dollars of approximately \$80 per acre-foot. Water values are expected to climb in coming years with projected population growth. In addition to the significant projected economic impacts of the plant, it is also likely to severely degrade the local watershed system.

“The proposed Nestlé plant would be the largest water bottling plant in the United States,” said Brian Stranko, CEO of fishing and water-quality advocacy group California Trout. “At 1 million square feet, this super-sized plant could have drastic impacts on water for the area's people and for one of the most cherished and important rivers in the state, the McCloud River. To date, Nestle has not even committed to adequate scientific assessments of the proposed plant's social and environmental impact. This is simply irresponsible and unacceptable.”

The full ECONorthwest report is available to the public online at <http://www.protectourwaters.org/ECONRpt.pdf>. The McCloud Watershed Council is a non-profit organization of residents and business owners in McCloud, northern California. Its mission is to support a sustainable community and to protect natural resources by providing advocacy and stewardship for the greater McCloud River watershed.

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