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McCloud approves water bottling contract

By Kathleen Kennedy



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Nestle Waters North America representative David Palais and McCloud Community Services District general manager Pete Kampa gave a presentation Monday at McCloud Elementary School about a proposed contract between the district and Nestle for the sale of district water and a McCloud water bottling facility to be used to bottle the company's Arrowhead brand water. The contract was approved by the district board at the public meeting.

Nestle Waters of North America is one step closer to using water from McCloud in its Arrowhead brand bottles.

A water sales contract and a water bottling plant proposal were approved Monday night between Nestle and the McCloud Community Services District.

More than 150 people crowded into McCloud Elementary School to hear a presentation about the project by Nestle representative David Palais and district manager Pete Kampa.

The water sales proposal calls for the dedication of either the Upper or Lower Elk Springs for the exclusive use of Nestle.

The water-bottler will be allowed to take a maximum of 1,600 acre-feet or approximately 520 million gallons of water annually. Palais estimated the company's use would be far less than that amount.

An acre-foot of water is described as an amount of water standing a foot deep over an area an acre in size.

"Their use (Nestlé's) will be less than the amount of water we saved through our recent infrastructure rehabilitation project," said Kampa.

Kampa was referring to recent renovations done to a three mile redwood pipeline and spring house which has recaptured about 1,350 acre-feet of water previously lost each year from leaks.

The incorporation of a project design which had the capacity for further development such as a water bottling facility was one of the determining factors which secured the \$4.5 million in funds for the renovations, Kampa said.

Palais said the water bottling plant will employ about 60 people when it is first built and approximately 240 people when it is fully built out.

Where possible, local hiring will be encouraged and the jobs will be year-round, he said.

No wage amount was mentioned for plant employees but Palais said salaries will be in the upper 50th percentile of a wage study the company will do in the area.

Where and when the bottling plant will be built has not yet been determined.

The contract calls for the plant to be built if possible in McCloud and if not in an area which the district can annex.

Revenues to the district in the 50 year contract include contingency payments of up to \$250,000 and payments of \$100,000 per year for a McCloud Arrowhead Community Enhancement Program to be administered by the district.

Also, an annual exclusivity fee will be paid when the plant begins operation and a monthly payment of 200 times the current household water rate will start when the plant opens its doors.

The exclusivity fee means McCloud will only sell its water to Nestle.

If the plant is located in McCloud and if the facility does not operate its own waste water collection, Nestle agrees to pay park, library and fire/ambulance fees, as well as sewer fees and improvement costs,

The water bottler will also be responsible for legal and other costs associated with the agreement.

Kampa said the district was not responsible for any of the project's costs unless it was not able to deliver the promised water.

Nestle is not seeking water rights but will be a McCloud water customer.

In the question and answer period following the presentation many in the audience voiced concerns about various aspects of the agreement.

Although Nestle anticipates opening its plant sometime in 2006, the company has up to seven years to complete the facility.

During that time and up to a period of 10 years, the contract allows Nestle to truck water out of McCloud as soon as the discretionary permits for the plant and the California Environmental Quality Act review have been completed.

Many audience members voiced the opinion that McCloud's water might be sold for a long time before any much needed local jobs would be provided by Nestle.

Palais said it would not be economical for the company to truck the water to its other plants, and the plant would be built as soon as possible.

Also of concern to McCloud residents was a provision in the agreement which allows Nestle to drill for and use unlimited amounts of ground water for a fee.

Concern was raised as to whether this would affect other wells in the area of the plant.

Palais said the CEQA review and Nestlé's good business policy would not allow that situation to develop.

The Nestle water sales and bottling plant will generate money to be used for the community, said Kampa.