



Record Searchlight

September 30, 2003

McCloud embraces Nestle water plant

By David Benda, *The Redding Record Searchlight*

McCLOUD — The McCloud Community Services District voted unanimously Monday night to let the world's largest bottled water company build a plant here that one day could employ up to 240 workers.

Nestle Waters North America would begin construction on the bottling plant in 2005 and open the facility in 2006. Initially, the plant would employ 60 workers.

The vote came after a 90-minute question and answer session from a capacity crowd inside the McCloud Elementary School gymnasium.

Those in attendance asked questions ranging from the impact the plant would have on the area's water supply to the types of jobs it will provide.

The Nestle plant would tap water from one of three natural springs north of town from which the community services district gets its water. The district has 700 connections that serve the majority of McCloud's 1,300 residents, district General Manager Pete Kampa said.

Nestlé's McCloud plant would bottle the company's Arrowhead Mountain Springs Water, the company's second-biggest seller behind its Poland Springs water. The Arrowhead plant in McCloud is expected to use 800 acre-feet of water a year when it reaches full capacity, but the contract it signed with the district allows Nestle to use as much as 1,600 acre-feet of water annually.

Nestle will invest \$60 million to purchase land, equipment and buildings, and that figure will double by the time the factory is fully built, according to David Palais, a geologist and natural resource manager for Nestle.

He said the district will receive \$200,000 to \$300,000 from water sales to Arrowhead.

Rich Toreson, president of the community services district, said a lot more work is required before construction can begin on the plant.

"We're a long way from finishing this," he said. "There will be a lot more meetings. We still have to go through the environmental process."

The bottling plant is expected to use about 150 acre-feet of water during its first year of operation.

An acre-foot of water is enough to supply a family of five for one year.

Nestle is not asking for water rights. Rather, it will become a McCloud Community Services District customer.

The agreement with Nestle is expected to bring the community services district \$300,000 in revenue by its 10th year of operation. In addition, a community enhancement fund would generate another \$100,000 by the 10th year, money that would go toward parks, the library, schools and emergency services.

Kampa has noted that two recent projects have put McCloud in a position to accommodate a large-scale bottling plant.

Last year, the district replaced a 3-mile redwood pipeline and renovated its spring enclosure north of town to eliminate leaks from the reservoir's foundation. The \$4.5 million project saved about 1,350 acre-feet of water the district was losing annually, Kampa said.

The town also spent \$11 million updating its sewer system. The sewer replacement project was designed to modernize McCloud's aging sewer system and to provide reliable sewer service to residents and businesses, Kampa said.

One of the sites Nestle is considering for its plant in McCloud is the former California Cedar Products lumber mill, which in April announced it would close its operations, a decision that cost the town 100 jobs.

Company officials told the audience Monday that the McCloud plant will be similar to Nestlé's Arrowhead bottling plant in Cabazon on the Morongo Indian reservation in Southern California.

The 388,000-square-foot Cabazon plant, which opened in December, employs 134 workers on four production lines.

The plant has bottled 2.5 million cases of Arrowhead water since it opened.

Workers in Cabazon make between \$12 and \$18 an hour.

Nestle dominates a bottled water market that has exploded in recent years. The company's growth represents 35 percent of industry revenue growth from 1992 to 2001, Nestle officials claim.

The average American drank 34.1 liters of bottled water in 1992. By 2001, that number had risen to 73.8 liters of bottled water annually, according to the trade group Beverage Marketing.

Based in Greenwich, Conn., Nestle Waters North America commands 33 percent of the bottled water market. The company employs 7,000 and operates five bottling plants in California that employ 720 workers.

Nestle reported \$2.5 billion in revenue last year, up from \$2.1 billion in 2001 and \$621 million in 1992.

Reporter David Benda can be reached at 225-8219 or at dbenda@redding.com.

Tuesday, September 30, 2003