

Introduction

The City of Cascade Locks is located in the “Heart of the Columbia Gorge.” Since the timber industry decline in the late 1960’s, the town has struggled to survive. Many economic development opportunities came and quickly left over the next three and a half decades before a tribal initiative to place a casino in the Locks germinated. For the next 12-15 years the City wrestled with that opportunity until the approval came down to one man’s signature on the final document. A new governor was elected and the signature never came.

In November of 2008 the City Council and the Port held a joint meeting to listen to a presentation from Nestlé Waters North America (NWNA). “Could we help the Oregon Department of Fish and Wildlife (ODFW) enhance its production of endangered species in the local fish hatcheries in exchange for the opportunity to bottle Oxbow Spring water?” We have been pursuing the answer to that question for the past 7 years.

Originally the City and ODFW were going to simply exchange water, but the environmental activists delayed the process through the courts that other avenues were reviewed. In the fall of 2014 an idea was presented to the Port of Cascade Locks Commission and to the City Council to let the process for the water exchange be placed on hold in favor in seeking a cross transfer of water rights between ODFW and the City. The Council voted to approve this idea on January of 2015 and the application was submitted in April. The decision of the Oregon Water Resources Department (OWRD) has not yet been released.

Many questions and misinformation, or misinterpretations, concerning the new process and calls for an open dialog resulted in the City hosting a Town Hall meeting on June 25, 2015. Over 125 people attended the town hall with 98 people signing the register. Of those 98, 40 identified themselves as non-residents of the City. The attached are the notes and comments left by concerned citizens present at that meeting.

The City has attempted to respond to those questions, although there is much more that needs to be determined.

Gordon Zimmerman
City Administrator
July 9, 2015

Transportation

“You stated at least twice you would seek \$ from the State for road repair or development due to truck (Nestlé) traffic. As a resident of Oregon I don’t want my tax \$ being used to correct damage done by Nestlé. Grants, bonds, and taxes should be used for common good – not corporate profits.” - unsigned

“Alleged economic benefit to Cascade Locks: 50 jobs at average \$62 K equals \$3.1 million. It will cost the City \$10 million to do road changes to accommodate trucks.” – unsigned

“What impact on HWY-84 is it going to make in both directions with 200 trucks per day? How much of the repair is going to be paid by Nestlé? Are the trucks going to use the “Bridge of the Gods”? Is it going to cost more for traffic?” – unsigned

“Why is Nestlé not responsible for the road repairs from their increased traffic?” - unsigned

“How is it not Nestlé’s responsibility for traffic issues they will cause? They build their own on and off freeway ramps.” – unsigned

We can expect “200 trucks per day (100 inbound and 100 outbound)” which is “an average of one truck every 15 minutes in each direction.” That math is for a 24 hour period. Will Nestle be running trucks around the clock through our town, or will they be running only during certain hours? If it’s during certain hours, we can expect a much higher frequency of truck traffic in our residential area and downtown. How does this increase in traffic align with our vision for a revitalized downtown and for safe streets for our kids, residents, cyclists, and tourists? How will it affect our local businesses who cater not only to residents but in large part to tourists who come to our town for its scenic appeal and recreational offerings? How will it affect our ability to attract future businesses that may be better suited to our town’s natural scenic and recreational assets? Is our vision for ourselves more industrial or do we wish to encourage a different relationship with the land and with the people who live here and also come to visit and recreate? Or perhaps it’s both: thoughtfully considered local, sustainable industries and small businesses that are attuned to our values and to responsible stewardship of the area. – Edward del Val, Cascade Locks

Response

Unfortunately, most governments do not have the resources to build or maintain street infrastructure. It costs approximately \$225 per linear foot to build a 38 foot wide street with curb and gutter, but not sidewalks. For a block 200 feet in length the City would spend more about \$50,000 including the engineering costs for a basic city street. To find these resources the City must rely on the State and Federal Governments to supply the money for such projects. That money is raised through gas taxes. The City could impose a gas tax, \$.03 per gallon for example, but since we have two very small stations in town, not much revenue would be

generated. The gas tax would be paid by visitors as well as the locals who fill their fuel tanks here.

Any licensed truck in Oregon pays a weight/mile fuel tax. Those trucks transporting Nestlé products would be contributing to the State Highway Fund, a small portion of which is shared with the City of Cascade Locks on a state-wide per capita basis. The City typically collects less than \$70,000 per year from the collected gas taxes. The City also seeks Special City Allotment funds every two years to add an additional \$50,000 for projects. Neither of these resources will be able to cover the cost of a project to improve Frontage Road from the weigh station to the Industrial Park.

It is more appropriate to say that Nestlé is not solely responsible for the increased truck traffic. There are other businesses in the Industrial Park, existing and future, that will contribute to increased traffic for both cars (for employees) and trucks (for materials and shipments). All need to be involved in the solution to this problem.

Nestlé has estimated the timing of truck movements this way:

- During the peak summer season 55% of the truck trips would occur between noon and 6:00 p.m.
- 90% of the trucks would be heading west.
- During the peak operations there would be 10 trips per hour in each direction (in and out).

How will this truck traffic affect the town? Will this traffic impact our ability to recruit other businesses or tourism? The City Council will have to take these questions and others into consideration should deliberations reach that stage.

Ideally the best solution and long range goal is to create an interchange on the east end of town.

Current Situation

1. Truck traffic is increasing to the Industrial (Business Park) as businesses are established and/or expand.
2. This is not strictly a Nestlé issue.
3. The route to and from the Business Park from I-84 is WaNaPa Street and Forest Lane.
4. Approximately 4,300 vehicles use WaNaPa every day. 12% (516 vehicles) are trucks.
5. Approximately 1,500 to 2,100 vehicles per day use Forest Lane.
6. Frontage Road is restricted in use for trucks under 60 feet in length. A tractor with a 53 foot trailer is not allowed on Frontage Road currently.

Goal #1: No trucks on Forest Lane from ODOT shop to Herman Creek Lane.

- A. Strategy: Develop new truck route using frontage road from WaNaPa Street intersection with weigh station exit to Forest Lane over crossing and into Cramblett Way in the Business Park. Estimated Cost: \$10,000,000.

This gets trucks off of Forest Lane, but routes trucks through downtown.

- B. Strategy: Divert traffic to Wyeth (Exit 51) and utilize Exit 47. No cost estimate to improve Exit 47 and Frontage Road from Herman Creek Road to Forest Lane over crossing and into Cramblett Way in the Business Park.

This gets trucks off Forest Lane, but extends truck traffic onto Frontage Road east of Forest Lane. It may require an upgrade to Exit 47 and Exit 51.

- C. Strategy: Build west bound on ramp from Forest Lane over crossing. No cost estimate but would remove westbound truck travel from Forest Lane. This could be phase one of a complete new interchange.
- D. Strategy: If trucks remain on Forest Lane, bicycle paths and pedestrian walkways should be installed on both sides from WaNaPa Street east ward to Cramblett Way.

Goal #2: Remove as many trucks as possible from WaNaPa Street which would require a new complete Interchange at east end of town.

- A. Either refurbish and expand Exit 47 into full interchange and upgrade Frontage Road, or
- B. Close Exit 47 after building new interchange at Forest Lane and rebuilding Frontage Road.

Alternative Goal #1: Rebuild WaNaPa Street and Forest Lane

- A. Rebuild WaNaPa the entire length with streetscape and traffic calming improvements including wider sidewalks, bicycle lanes, crosswalks and adequate turning lanes.
- B. Rebuild Forest Lane from WaNaPa Street to Cramblett Way to withstand heavy truck traffic and install wide sidewalks, crosswalks and bike lanes.
- C. Reduce speed limit on Forest Lane from 35 mph to 30 mph, consistent with WaNaPa Street.

The traffic on Interstate 84 will be minimally impacted. The vehicle count on I-84 as supplied by ODOT is 22,000 vehicles per day. Nestlé trucks would generate 100 inbound and 100 outbound truck movements per day. This is an increase of 0.9%.

NWNA currently serves the Pacific Northwest Market from bottling plants in Sacramento, California, and Hope, British Columbia. Servicing the Portland market would shift the truck traffic from I-5 to I-84, but at considerably shorter distances, thereby reducing the carbon emissions in the northwest.

The Nestlé trucks will not be using the Bridge of the Gods. They will be using Interstate 84. If it is necessary to use the BOTG, they will be required to pay the appropriate toll which contributes to the maintenance fund for the bridge.

To compare the annual payroll cost to the cost of a road repair project is disingenuous. There are other benefits, economic and otherwise, from bringing a new manufacturing facility to town and improving a road that is not exclusively for one employer. Homes on Frontage Road and the Oregon Department of Fish and Wildlife Fish Hatcheries will also benefit from the road improvements. With 50 family wage jobs added to the local community, our stores could be busier. Our restaurants could have more customers. The school may have more students. New homes may be built. Older homes may be refurbished. With the known companies coming into the industrial park, and the attendant employment, the area may even attract other businesses like a bank, a dentist, or a doctor.

Some of the downtown merchants have expressed that they like the trucks on WaNaPa because they stop to buy groceries, eat in our restaurants, and some may even sleep in the motels.

One of the purposes of a city is to provide the infrastructure for growth. With growth and responsible development controlled by the Comprehensive Plan and the Community Development Code, the City can spread the costs over a broader base than just the residents of the community.

June 25 Town Hall Meeting: Comments From the Community

Environment

“Has an environmental impact study been done?” Judi Nappi, North Bonneville, WA

“This is a major extractive operation. How are you planning to compensate for the 118 million gallons per year Nestlé is packing out of the Columbia River? What is the commitment of the City Council to the will of the people?” – unsigned

“Nestlé’s extraction of 118 million gallons of water to export to (at least) the Pacific Northwest (their marketing info). Regardless of trading around different water volumes and sources, the Nestlé plan will produce an 118 million gallon net loss from the Columbia River watershed. Given that the water quality is already marginal, how can you justify extraction (any significant extraction)?” B. New, HR County

“Must Cascade Locks find jobs with a multinational giant whose product at the best produces millions (billions?) of plastic bottles, let alone the other environmental issues.” - unsigned

“Will Cascade Locks do an environmental impact statement?” – unsigned

“We are not in a drought? NASA says yes for 20 years. Oregon, Nevada, Utah, California, Oklahoma, all included.” – unsigned

“I oppose the privatization of water and the proliferation of plastics, both of which will be accomplished with this proposed agreement with Nestlé.” – unsigned

“How would Nestlé affect operations at the Oxbow Hatchery?” – unsigned

“How much exactly will the creek level decline? What happened to other creeks/ecosystems that had the same declination?” – unsigned

Response

An environmental impact statement is not required for the development of approved industrial lands within the requirements of the City’s Comprehensive Plan and the procedures of the Community Development Code of the City of Cascade Locks.

An environmental impact study on the effects of City water on the fish or anything impacting the fish in this process is the responsibility of the Oregon Department of Fish and Wildlife. Since the well water that would be delivered to the fish hatchery is chemically equivalent to the spring water and only .1 to .2 degrees warmer than the spring water, there is no detriment to the fish.

Whether this is a major or minor extraction operation, the majority of the water bottled will be sold within the Pacific Northwest which means it will all eventually reach the Pacific Ocean

which will return all of the water back into the water cycle. The 118 million gallons represents less than 2/10,000ths of a percent (0.0002%) of the annual Columbia River flow, all of which will be returned to the water cycle.

In terms of water rights there is no difference between Nestlé's use of water for a product shipped out of the city limits than Bear Mountain with its pellets or a brewery producing beer. On a larger scale, it is no different than cherries, pears and apples irrigated and harvested in Hood River County being shipped out of state. 118 million gallons would irrigate 181 acres of orchard. [1 acre foot equals 325,850 gallons of water with about 2 acre feet used per acre per irrigation season.] East Fork Irrigation District in Hood River County has water rights to irrigate over 8500 acres, almost 47 times the amount of water Nestlé is asking for.

The issue of bottling water in plastic bottles is a concern. But it is a larger concern than just Cascade Locks. There are intelligent arguments on both sides of the issue. If the opposition to this project is because of the increase of plastic bottles in the waste stream, then include all plastic bottles in the waste stream. Soda, food products, beauty care products, chemicals, and manufacturing, all rely on plastics to deliver their product to the market.

If the issue is the sale of bottled water when clean water is required from every municipality and water district in the country, the opposition should focus on changing the choices people make rather than limiting the economic development opportunities for a struggling community.

The "privatization of water" is an interesting question. Every community and water district sells water to customers. Those customers include residences and businesses. This proposal is no different. The City would sell the water under its water rights to a business that is interested in that particular source of water. The Oregon Water Resources Department booklet about water, *The Water Code Under Oregon Law*, states "all water is publicly owned. With some exceptions, cities, irrigators, businesses, and other water users must obtain a permit or license from the Water Resources Department to use water from any source - whether it is underground, or from lakes or streams. Generally speaking, landowners with water flowing past, through, or under their property do not automatically have the right to use that water without authorization from the Department."

Drought is a "deficiency in precipitation over an extended period, usually a season or more, resulting in a water shortage. It is a normal, recurrent feature of climate that occurs in virtually all climate zones, from very wet to very dry." (National Weather Service, May 2008) Cascade Locks has received 87% of the average rainfall amount so far this water year (from October 1, 2014 to September 30, 2015), with four months left to go in the water year. The Willamette Valley and most of western Oregon is defined by the National Weather Service as being in a moderate drought as of Tuesday, June 30, 2015.

The recharge area for Dry Creek is 2.84 square miles, for Oxbow Springs .25 square miles, and for Herman Creek is 19.14 square miles, totaling 22.23 square miles. Average rainfall levels over the last 44 years for this total area ranges from 84 inches at the lowest elevations to more

than 116 inches at the higher elevations. Because Dry Creek is a “losing” stream, it contributes to the recharge area of Oxbow Springs. In our little micro-climate area, there is sufficient water to recharge the aquifers.

The water level in Little Herman Creek (and therefore the level in Herman Creek) would not change on an annual basis. Because the exchange is gallon for gallon, the total flow in the creek would not deviate outside the average flows now. The low flow in Herman Creek and Little Herman Creek during August and September of 2011 was measured at 24.8 cfs, with the seepage into the aquifer of 7.4 cfs, 3.4 cfs more than the City’s water right. Hence, the recharge from Herman Creek is greater than the total water right of the City during the low flow periods.

This proposal from Nestlé would enhance the operations of the Oxbow Fish Hatchery by allowing the hatchery to have more water available for their operations when the spring has lower flows during the late summer months. The hatchery would not necessarily be able to produce more of the endangered species than they do now, but they would be able to keep those fish longer in the hatchery. This would result in stronger fish to be released into the various watersheds. Stronger fish may mean a greater return in the Columbia River in the future.

June 25 Town Hall Meeting: Comments From the Community

Water

“What will the City do when more local businesses need water to operate and we’ve committed to one company and ‘tapped out our last 50%’ of water rights?” – unsigned

“What if we alienate sailing venues that prohibit bottled water?” - unsigned

“Who owns the earth’s water? What about blue gold?” – unsigned

“Could you please have Dave Palais or Darren Eckmann explain to the City and Port leadership where the water in your aquifers actually comes from. And it is not rain fall. Even Nestlé knows this. Your spring and ground water are largely replenished by Mt. Hood snow melt. Even Dave Palais pointed this out in previous public ‘Town Hall’ meetings.” – unsigned

“Look carefully at your reliance on the Columbia. There was very little snow in much of BC this year. In April Lake Washington was incredibly low (lower than in August in earlier years.) I am a Portland area lawyer. \$20,000 won’t even get you 100 hours of paid attorney time at average rates.” – Veronica Schnidrig (Portland resident lifelong and born in BC near the Columbia), Clackamas OR

“I oppose the privatization of water and the proliferation of plastics, both of which will be accomplished with this proposed agreement with Nestlé.” – unsigned

“Do not sell or give the water away to a foreign corporation!” - Kathy Carlson, Hood River, OR

“Hood River County is in drought. The County needs water. How will Nestlé help our drought? Can the City Council please look into a complete water study of the area and future trends? Why are/should we assist Nestlé in getting richer? (They are rich enough by far.) – unsigned

“My water comes from Rockwood Wells. It is the same aquifer. They should have been here. I’m sorry neighboring communities are not being considered. Cascade Locks does not exist in a vacuum.” – unsigned

How is it going to look if our local Gorge neighbors and farmers are struggling to meet their water needs during a time of drought declarations in our state and amongst our neighboring states while we invite a global corporation in our town to bottle millions of gallons of spring water for profit? Are we being a good, conscientious neighbor? – Edward del Val, Cascade Locks

Response

With the Nestlé proposal at full build out, the total City requirements including residents, commercial businesses, and the industrial users, would be about 50% of our total water right from the Herman Creek drainage. The City currently uses only .4 cfs for approximately 500

homes and businesses. The 2 cfs used with Nestlé at full build out is five times our current usage and half of the total water right in the aquifer. We have room to grow.

The City holds other water rights – 10 cfs from Dry Creek and 1 cfs from Moody Springs. These are surface water rights. This water would have to be treated in a different manner than the groundwater from the Herman Creek aquifer. The development of a water treatment plant to treat surface water costs about \$2 million for every million gallons per day of capacity. The total cost of the treatment plant would be determined by the total amount of water needed. We may also be able to work with the Oregon Water Resources Department in increasing our Herman Creek water rights in exchange, if required, for relinquishing part of our other water rights. In any case, the remaining 2 cfs of available water rights would sustain a community significantly larger than Cascade Locks.

The water level in Little Herman Creek (and therefore the level in Herman Creek) would not change on an annual basis. Because the exchange is gallon for gallon, the total flow in the creek would not deviate outside the average flows now. The low flow in Herman Creek and Little Herman Creek during August and September of 2011 was measured at 24.8 cfs, with the seepage into the aquifer of 7.4 cfs, 3.4 cfs more than the City's water right.

The sailing venues that currently ban plastic bottles will continue to ban plastic bottles. The production of the water bottling facility will be shipped elsewhere, not sold exclusively in Cascade Locks.

Who owns the water? Every community and water district sells water to customers. Those customers include residence and businesses. This proposal is no different. The City would sell the water under its water rights to a business that is interested in that particular source of water. The Oregon Water Resources Department booklet about water, *The Water Code Under Oregon Law*, states "all water is publicly owned. With some exceptions, cities, irrigators, businesses, and other water users must obtain a permit or license from the Water Resources Department to use water from any source - whether it is underground, or from lakes or streams. Generally speaking, landowners with water flowing past, through, or under their property do not automatically have the right to use that water without authorization from the Department."

Per Nestlé's presentation at a Town Hall in 2010, "Streamflow and water quality studies indicate that Herman Creek is the primary source of recharge for the City well field. Studies in September of 2009 and 2010 indicate about 7.4 cfs of natural seepage loss from Herman Creek and Little Herman Creek into the underlying aquifer." This is the time of the year when the creeks are at their lowest point. Our water comes from the precipitation we experience and not from any influence of the Columbia River.

\$20,000 is the City's portion of the total budget for legal representation to negotiate a contract with Nestlé. It is not designed to fund litigation should Nestlé not live up to the requirements of a contract that hasn't even been written yet. Cities and ports operate on annual budgets

which go under public scrutiny each spring. If it is necessary to seek legal remedies or relief immediately after the contract is signed, we will seek the necessary resources at that time.

Drought is a “deficiency in precipitation over an extended period, usually a season or more, resulting in a water shortage. It is a normal, recurrent feature of climate that occurs in virtually all climate zones, from very wet to very dry.” (National Weather Service, May 2008) Cascade Locks has received 87% of the average rainfall amount so far this water year (from October 1, 2014 to September 30, 2015), with four months left to go in the water year. The Willamette Valley and most of western Oregon is defined by the National Weather Service as being in a moderate drought as of Tuesday, June 30, 2015.

118 million gallons would irrigate 181 acres of orchard. [1 acre foot equals 325,850 gallons of water with about 2 acre feet used per acre per irrigation season.] East Fork Irrigation District in Hood River County has water rights to irrigate over 8500 acres, almost 47 times the amount of water Nestlé is asking for. The drought declaration by Hood River County allows irrigators more options to seek water through exchanges or temporary water rights.

If the City can improve its financial stability through inviting industry, both large and small, and family wage jobs into our community, that make us a more sustainable neighbor for the whole county.

Wastewater

“What is the plan for upgrading the city sewer systems based on additional use by Nestlé?” – unsigned

The wastewater plant currently uses 29% of its hydraulic capacity (144,000 gallons per day out of 493,000 gpd available) and 40% of our organic capacity (267 lbs/day out of 665 lbs/day capacity). Nestlé will only add between 60,000 and 70,000 gallons per day (12-14% additional load) and almost no organics into the system. After full build-out of the water bottling facility, the City would still have 57% capacity available.

By adding the revenue generated by the increased use, the City should be able to handle the debt service required to repair the aging wastewater plant. The City has an estimate of \$3 million to repair the plant and we are awaiting the completion of the Wastewater Master Plan to know about the repairs to the collection system.

City Council

“How can a City Council not show up to a city town hall meeting being held to discuss a proposal that concerns the entire community?” - unsigned

“The City Counselor that used to be a spokesperson for Nestlé, Jess Grove, how much money is he getting from Nestlé? Could he be a plant by Nestlé?” – unsigned

“What is the commitment of the City Council to the will of the people?” – unsigned

“Was there ever a vote on how the public feels? Democracy?” – unsigned

“How much money is being given to City Manager and Port Comm. to get Nestlé in our city?!” – unsigned

“The residents who have been footing the bills all these years don’t have any say so? Why? They voted you to advocate for them and now you can’t be trusted? Shame!” – unsigned

“Why only three council members here?” - unsigned

“How much money is passing under the table from Nestlé to City Counselors’ pockets?” – unsigned

“Payola? Has it happened?” – unsigned

“Please call the city in Maine that Nestlé’s sued 5 times (Fryeberg, Maine)” - Kathy Carlson, Hood River, OR

“I’ve heard not one except once council member questions, really investigated, this matter. Why? What information do you have that this is a good thing?” – unsigned

“No City Council members, No Port Authority members, present. Is this an under the table deal? Nestlé initiated this water transfer with tacit approval from both these entities? Where is the public process?” - unsigned

“Why is the City Council unconcerned about the morality issue?” – unsigned

“What is the commitment of the City Administrator to the will of the people?” – B. New, HR County

“The future for young people is about a safe clean sustainable earth. So much destruction is occurring worldwide by corporations. I’m sad to see the City Council of CL being so unaware.” - unsigned

June 25 Town Hall Meeting: Comments From the Community

“Who was paid by Nestlé? Who received funds for their campaigns from Nestlé?” – unsigned

Response

To begin with, four of the current six city councilors were in attendance. We have one vacancy on the Council, one with health issues, and one who was unavailable to attend. In addition, four of the current five Port Commissioners were in attendance as well as the three newly elected members.

The purpose for the Townhall was to present the information that we know at the moment and have the Port Commission and the Council hear the issues and concerns from the citizens of Cascade Locks. They did listen and they will use that information when they make future decisions concerning this proposed development.

Since Nestlé first proposed this water bottling plant in November of 2008, there have been six separate motions by the City Council moving the process forward. Out of the approximately 166 City Council meetings, Nestlé has been mentioned or discussed in one form or another 77 times (46% of the meetings). Each action item regarding the project has been on the agenda published before the meetings. Time for the public to speak on non-agenda and agenda items is included in every council meeting.

The water right transfer process includes not one, but two 30 day comment periods for the public to address the Water Resources Department about their concerns.

The City of Cascade Locks has had dreams of economic development before. Those dreams, whether you agreed with them or not, have not come to fruition. With an unemployment rate of 18.8%, the best thing for our community is to bring jobs and opportunities for our citizens.

We live under a representative democracy form of government. The people have duly elected representatives to the Port Commission and the City Council. These people are entrusted with the responsibility to serve the people who elected them to the best of their ability. The Port Commissioners and City Councilors are all committed to making the best decision they can for the benefit of the whole community.

For comments relating to Fryeburg, Maine, please see the information at the end of this report.

To question the integrity of committed volunteers and paid staff who work for these government agencies has no place in this discussion.

Nestlé

“Nestlé does not fit with the Columbia Gorge vision. They are not American owned. They have a terrible track record of bad business practices (unconscious) practices that do not belong in our pristine Columbia Gorge. We are well suited to small, caring, environmental and conscious American, Oregon, of NW owned.” – unsigned

“Cascade Locks City Council is tarnishing their reputation by even considering doing business with crooks like Nestlé!” – unsigned

“Knowing what a sketchy company Nestlé’s is (CROOKS!), why would the City Council of Cascade Locks even consider doing business w/ them?!” – unsigned

“Instead of bringing Nestlé to the Cascade Locks, could we please join together as human beings and donate to families in need who reside in Cascade Locks? Surely there is plenty of money to go around if we pool our resources! Let’s keep Nestlé out of Oregon. Thank you.” - unsigned

“Nestlé is not a good corporate citizen. They purposely go into African and Asian countries, give free formula to new mothers to feed their babies and when their milk dries up and the mothers have no money to buy more formula, the babies starve! You can look this up on the internet. This started in the 70s and continues to this day!” - Kathy Carlson, Hood River

“Why are you even considering leaving future generations with Nestlé as a prominent problem in Cascade Locks?” – unsigned

“I’m not against a local business bottling water – it’s just not in the interest of the citizens of Oregon to give away so much control to a multi-national corp. with a reputation of doing anything they want. Could this be a tribal project?” – unsigned

“No contingency plan for dealing with Nestlé when they don’t live up to the agreements. The question was not answered in the meeting. Watch documentaries: TAP and Flow” – unsigned

“Why are we selling water to a NON NATIONAL Corporation?” – unsigned

Response

Nestlé Waters North America is a viable economic development partner, a subsidiary of Nestlé SA, an international company with \$300 billion in annual sales, 2000+ brands, and 339,000 employees. Please contact Dave Palais with your questions at the local office on WaNaPa Street.

After weighing all of the information presented, the City Council will make what they feel is the best decision for the community.

Economic Development

“What efforts can be taken:

- To attract another suitor?
- To put the bottling plant out to bid?
- To attract local and more creative ownership?
- We produce and bottle excellent juices, wine, and beer. We could do the same with water. Can we/the city put on a forum or business summit or the like to achieve better ownership? (May be it would be smaller and grow more slowly, but it would provide jobs and be a positive compromise)?

Thank you for your time and efforts.” Steve Sullivan

“Instead of Nestlé’s bottling the water Cascade Locks could bottle its own water. (It does not take a \$50 million plant to do this.) You could sell bonds to raise the money or open it up to local business people to raise the money. Use the railroad and the river to transport the water. Cascade Locks should keep control of its own water so it can stop bottling, if necessary.” - Kathy Carlson, Hood River, OR

“Why don’t we consider other more sustainable and local businesses to supply CL with more jobs?” – unsigned

“I’m Cece, from Damascus though I identify as a Portlander, a Cascadian, an Oregonian and a PNWer --. I feel compelled to say – this issue has made me aware at a gut level how important it is to advocate for the wealth of our metropolitan areas to be spread throughout the State, which is something I hadn’t been in touch with before. I just want to let you know that, in the future, I will give attention to the needs, particularly the need for employment, in the rural areas of Oregon. At least for my part, you are not alone, Cascade Locks.” – Cece

“Statistically how many jobs does Nestlé really give to locals? What’s the real number?” If you care about your community, wouldn’t you find this out?” – unsigned

Response

Every City wants to hit a “home run” in recruiting businesses to the community. On average there are about 200 corporate relocations or expansions in any given year. But there are 15,000 communities and 20,000 economic development agencies attempting to recruit those 200 companies to their area! In today’s business world, with the increased exposure via the Internet, a community may not even know when it is being considered for an expansion. To have a successful international business interested to bringing jobs to your community because you have something they want can benefit all concerned.

June 25 Town Hall Meeting: Comments From the Community

Under Oregon law, cities are not allowed to place financial resources in risky investments, which is what building our own bottling plant would be. No financial institution would invest money in a company that has no industry expertise, no ability to create or manage a business plan, or no experience in the marketing and distribution of a product in a marketplace beyond their borders. Running a manufacturing concern, while similar to running a government institution, should not be run concurrently with that institution. Cities are allowed to invest in local government investment pools or bank products with a given interest rate or rate of return.

At full build out and with the normal plant operations, a two line bottling plant with in house production of packaging requires 50 people to run a 24 hour 7 day a week operation. In previous locations of Nestlé operations typically 70-90% of the jobs go to qualified local people.

Nestlé certainly has the resources and the expertise to succeed in the bottled water industry. With \$250 billion a year in sales, 2000+ brands, and 339,000 employees they are certainly stable enough for the risk of success to be lessened.

Economic development in any city involves a multi-pronged approach. Support of smaller local businesses, start up industries, and established industries are some of the ways cities can bring jobs and promote their economies. Nestlé will not be the only business in the Business Park. The Puff Factory, a new, local, unproven but promising business, is now in the beginning stages of operation.

June 25 Town Hall Meeting: Comments From the Community

General

"We need to have foresight." – unsigned

"How come the charts and graphs have not been updated to show future economic development needs besides Nestlé, given that the Port is entertaining 4-5 new business proposals at any given time? Water is finite. What is the plan for when the water runs out?" – unsigned

"How did the City survive before Nestlé Corp.? – unsigned

"Check for local ownership, other proposals. Has an RFP been created?" – unsigned

"Cascade Locks' business and city managers need to look for a different way to bring jobs here, other than Nestlé. Local businesses will not only keep more money in the community, they will provide jobs and they will treat your community better because they are your community." – unsigned

"I am here from Portland tonight because this isn't a local issue only about water and economics. The BIGGER issue is the power that multi-million \$ corporations have over all of Earth's people. Nestlé is one who has proven they only care about profit and we simply cannot support big business in this way! We need to send them the right message." – unsigned

"What is the actual legal budget set aside to defend the City against Nestlé if some part of the agreement is not upheld?" – unsigned

"Thank you, Gordon, for inviting the town and telling your side of Nestlé. Compensation for water loss will be monetary gain. How can the citizens of Cascade Locks benefit? Thank you." – unsigned

"I am asking for more transparency as to what has already been initiated without due public process." – Sandra Visse, Portland, OR (also homeowner in the Gorge – Stevenson, WA area)

"I encourage you to look at the moral side of this issue. Please listen to your hearts. It is not right to pump the water from Oxbow Springs for profit! What is your heart telling you?" – unsigned

"Question: Is it possible that Nestlé needs Cascade Locks far more than Cascade Locks needs Nestlé?" – unsigned

"When is the next meeting?"- unsigned

"Based on Nestlé's economic development opportunity to not pay property taxes for 3-5 years, how will the city fund the needed additional city services during this time?" – unsigned

“You say there is no proposal at this time from Nestlé. Your presentation indicates the city is encouraging Nestlé with incentives and agreeing to fast track some of the procedures. This seems duplicitous to me.” – unsigned

Response

The charts were designed to show the impact of Nestlé on the current situation, nothing more.

Water is an interesting thing. It is recyclable, yet as it has been a constant since the beginning.

Of the total water on earth,
96.5% is in the oceans,
2.5% is freshwater,
.93% is saline groundwater, and
.07% is saline lakes.

Of that 2.5% in freshwater,
68.6% is frozen in glaciers and ice caps,
30.1% is in groundwater, and
1.3% is in surface water.

Of that 1.3% in surface water,
73.1% is in ice and snow,
20.1% in lakes,
3.52% in soil moisture,
2.53% in swamps and marshes,
.46% in rivers,
.22 percent in biological water, and
.22% in atmospheric water.

The water will not “run out.” It may move around, but it is constantly refreshing itself.

Before Nestlé the City survived on grit and determination. If Nestlé does not come, it will continue to survive on grit and determination. It took courage to provide transport around the Cascades, to build the Locks only to see them flooded, to build a bridge that spans time and geology, to fight among ourselves, but together against the world. This place will survive, whatever happens.

If Nestlé comes, the people that work in the plant will be part of our community. They will send their kids to our schools, buy groceries and ice cream cones and beer, ride our trails, fish our waters, and may even learn to sail. They will add to the work ethic and expand our volunteer ethic. They already are our neighbors who now may have a chance at a little better life because they can upgrade their employment or even get a job close to home.

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\$20,000 is the City's portion of the total budget for legal representation to negotiate a contract with Nestlé. It is not designed to fund litigation should Nestlé not live up to the requirements of a contract that hasn't even been written yet. Cities and ports operate on annual budgets which go under public scrutiny each spring. If it is necessary to seek legal remedies or relief immediately after the contract is signed, we will seek the necessary resources at that time.

What are the benefits of Nestlé coming to town? As best we can foresee at this point, here is a list of benefits for our community:

1. 50 new jobs in community (an annual \$3.1 million in salary and benefits)
2. \$35 million in financial impact during construction.
3. \$34 million in annual financial impact after construction.
4. Construction jobs on the potential plant and new housing.
5. 200 new truckers using the businesses on WaNaPa.
6. Port gains on the potential for \$4.4 million in land sales
7. ODFW receives its year round fish preservation water supply for endangered fish species
8. Community contributions to food bank, school, and community events.
9. New housing market.
10. Potential to build student enrollment in the local school.
11. Potential growth and revenue for existing local businesses.
12. Increased customer base means stable or lower rates for local utility users.
13. Ensures the city continues to provide services.
14. Nestlé continues to supply Portland from Cascade Locks instead of Sacramento.
15. City government and utilities do get additional revenues:
 - a. 67% property tax base increase
 - b. Potential 30% increase in water sales
 - c. Potential 50% increase in sewer sales
 - d. Potential 100% increase in electric sales
 - e. Potential dollars in water sales to the General Fund
16. Community gets reputation of "open for business."

Is it possible that Nestlé needs Cascade Locks far more than Cascade Locks needs Nestlé? This is a great idea for negotiating a contract that protects the City. We have been asked what will protect the City. There are three things that will provide protection:

1. Oregon Water Law
2. The actual contract which will be a public document
3. The physical size of the pipe limited to 4"

Nestlé may choose to not participate in the Enterprise Zone Property Tax Abatement program. If they do participate the estimated \$5 million in savings over five years would be reversed by the \$45 million in taxes paid over the following 45 years, assuming a 50 year plant life. These

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foregone property taxes can be supplemented through the increased utility payments and payments for the bottled water.

The next meeting will be scheduled after the Oregon Water Resources Department decision concerning the transfer of the water rights or if something else that significantly impacts the project either positively or negatively comes up.

The moral issue is a very personal issue and must be addressed by the individual.

Fryeburg Water Company v. The Town of Fryeburg, Maine

Fryeburg Water Company (FWC) is a water utility serving the towns of Fryeburg, Maine, and East Conway, New Hampshire. FWC is a privately held water utility. It was founded in 1883, but by the 1990's the majority of shares were held by members of the Hastings family. Mr. Hugh Hastings has served as a member of the board since 1950 and as company president since 1969. As a private water utility under Maine law, the company is subject to the Public Utility Commission (PUC) oversight. The PUC prohibits the utilities from selling water to any entity at a higher price than ordinary companies.

Mr. Hastings and Mr. Eric Carlson created a company, Pure Mountain Springs, LLC (PMS). On August 6, 1997, FWC contracted to sell extracted ground water to PMS which could be sold to third parties including Poland Spring Water Company (PSWC). That water bought from FWC at its ordinary rate was sold to Nestlé Waters North America (NWN) at a higher, but undisclosed price. Between 2003 and 2007, PMS had revenues of \$3 million and paid FWC \$700,000 in rents and water fees.

In September of 1997 FWC applied to the Board of Appeals for a special exception permit to process containerized water. In November of 1997 the Board of Appeals approved the special exception permit.

On March 21, 1998, four months after the Board of Appeals approved the special exception, the Town of Fryeburg adopted its current Land Use Ordinance which included a requirement that any entity pumping more than 10,000 gallons of water per day was subject to a permitting process through the Fryeburg Planning Board. This one-time application and permit process did not apply to FWC and PMS because the requirement came after the Board of Appeals approval. It was "grandfathered."

In January of 2002 FWC received a building permit to add to an existing pump house. In February of 2002 they received a permit to replace the roof and remodel another existing pump house. In October of 2003 PMS received a permit to reside and add a bathroom to a pump house. FWC/PMS pumped 240,000 gallons per day in 1997. This increased to 583,000 gallons per day in 2003.

Maine water law is different than Oregon water law. In Maine since the 1800's "absolute dominion" is the law. The owner of the property owns the water and can extract that water for his use even if it diverts water from a neighbor. In Oregon all water is owned by the State and water rights are required to be certified and adhered to.

In March of 2004 a neighbor to FWC's property sent a letter to the Fryeburg Code Enforcement Officer (CEO) requesting that he issue a cease and desist order, requiring that FWC and PMS halt all pumping of ground water until those entities obtained a permit required by the Land Use Ordinance. The CEO and town attorney declined to issue the order.

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The neighbor then appealed the decision by the code enforcement officer and the town attorney to not issue a cease and desist order to the Board of Appeals which found that FWC had impermissibly expanded an existing use. The Board of Appeals ruled that a one-time permit and application process of the Land Use Code be followed.

That decision was appealed to the State of Maine's Superior Court which vacated the Board of Appeals decision because the Land Use Ordinance was adopted after the original contract. The Court also found that the Board of Appeals did not have jurisdiction to review the CEO's decision not to issue a cease and desist order. The Court also found that the definition of an expansion of use did not include an increase in the amount of water pumped.

The decision of the Superior Court was appealed to the State Supreme Court. Their decision in March of 2006 affirmed the Superior Court's decision.

Following that March ruling, Poland Spring began planned to pipe water from aquifers in nearby Denmark to an East Fryeburg pumping station where trucks would pick up the water to transport the water to a bottling plant in Hollis. That plan was successfully appealed, but a court overturned the appeal because the town's comprehensive plan was designed for guidance and could not be used to revoke the original permit.

Poland Spring continued purchasing water from Pure Mountain Spring and Fryeburg Water Company. In 2008 Nwana bought Pure Mountain Spring from the Fryeburg Water Company. Because the amount of water purchased from FWC varied greatly, thus affecting the revenue stream of the water utility, FWC sought to develop a contract with Nwana to stabilize the revenues provided by the sale of the water. An agreement on price was reached, to pay the advertised water rate, but also a lease payment was negotiated for the property Nwana used to load the water onto trucks. A monthly lease of \$12,000 was agreed to. The term was 25 years with four five year renewal terms, making the potential for a 45 year agreement.

Nestlé agreed to monitor the amount of water in the aquifer to insure that the aquifer would not be depleted. They also agreed to take the second position to residents if the town required the water for residential needs and could not supply the bottling facility. Dick Kraster, an activist in local water issues and owner of two summer camps in the area said, "Here in Maine, Poland Spring and Nestlé act responsibly. There has been zero impact."

Nwana now employs 800 people in Maine and has invested over \$400 million in capital improvements, \$40 million in payroll, \$65 million spent with Maine vendors, and has invested \$2.5 million in community giving since 1992.

FWC needed the approval of the Public Utility Commission for the contract.

Concerns were raised when the three member PUC Commissioners faced conflict of interest charges. Two of the three PUC members had worked for a law firm that had represented Nestlé in the past. The public advocate appearing before the PUC had been an engineer that had

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previously worked on Nestlé projects. The two commissioners recused themselves and the Governor appointed two temporary members of the PUC. After the temporary commissioners were seated, the PUC approved the contract between Poland Spring and Fryeburg Water Company.

This information was developed from the following sources provided by Deanna Busdieker:

Maine Supreme Judicial Court Docket Oxf-05-221 Fryeburg Water Company v. Town of Fryeburg et al.

Mainbiz: "Tapping in, After 160 years in Maine, Poland Spring stirs up debate about the state's future", November 30, 2011

The Portland Sun: "Fryeburg Residents Protest Proposed Nestlé Waters Contract", June 13, 2013

The Press Herald: "For regulators and Nestlé Waters, conflict by the gallon", September 1, 2013

From the Town Manager, July 13, 2015:

I have been the manager in Fryeburg since March 2010 and Nestle (NWNNA) has been extremely good to the Town of Fryeburg. They are very good neighbors and provide a tremendous amount of financial support to our Town. We are hoping in the very near future that NWNNA will be ready to re-visit opening a bottling plant in the Town of Fryeburg. I can't speak directly about what happened with NWNNA and the Town because I wasn't in Fryeburg at that time. They maintain an office in Fryeburg and I speak with one of their representatives on a regular basis. I have read a lot of articles on line, including comments made by opponents of NWNNA concerning the situation with Fryeburg several years ago. I believe the majority of the comments are being made by opponents who don't live in Fryeburg and are opponents of NWNNA. I don't believe they represent the opinion of the majority of Fryeburg citizens. We have a 3-member Board of Selectmen and all completely support and encourage NWNNA to come to Fryeburg.

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