July 28, 2008

Terry Barber, Interim Planning Director
Siskiyou County Planning Department
P.O. Box 1085
Yreka, California 96097
-via email, hard copy to follow-

RE: Nestlé Waters North America Environmental Impact Report

Dear Ms. Barber:

According to press reports, Nestlé Waters North America (“Nestlé”) is not proceeding with its proposed McCloud Water Bottling Plant project, and has indicated that it is considering proposing a scaled back project.\(^1\) We also understand that, according to Nestlé, it intends to undertake a two to three year evaluation of the existing hydrology and biology status, as well as perform additional studies on air and water quality, traffic conditions, hazardous materials, and an economic impact study.\(^2\) We are encouraged by these developments because, in our view, the environmental review for the previously proposed project had serious deficiencies. Nonetheless, to our knowledge, the proposed changes have not been memorialized in a formal document, and we are not aware of a formal withdrawal of the previously proposed project. We also note that adoption of the suggested changes would require significant revision of the contract between Nestlé and the McCloud Community Services District, a new, formal project proposal, and circulation of a new Draft Environmental Impact Report.

We are therefore providing this letter, setting forth our concerns with respect primarily to the pending (possibly withdrawn) DEIR, with the hope that our comments on the deficiencies of that document will provide some guidance to Nestlé and the County in revising the project and the EIR. The Attorney General of the State of California submits these comments pursuant to his independent power and duty to protect the natural resources of the State from pollution, impairment, or


The existing DEIR prepared in connection with the original project fails to address greenhouse gas emissions from the project and improperly defers analysis and mitigation of significant effects on other natural resources, in violation of the California Environmental Quality Act (“CEQA”).

**Background**

The McCloud River is unique among California’s larger rivers in that most of its water derives from springs and underground lava aquifers rather than from rainfall or snowfall. The river and its associated riparian area provide habitat for over 200 wildlife species. The Lower McCloud has been designated a Wild Trout Stream by the state Department of Fish and Game.

As originally proposed, the project would allow Nestlé to bottle 520 million gallons of spring water, and potentially unlimited groundwater, from the McCloud River watershed each year for the next fifty years for sale and distribution. Nestlé would construct a one million square foot water bottling facility on the site of a former lumber mill, where it would bottle spring water and other beverages. Nestlé recently indicated that its revised proposal will reduce the size of the facility from one million square feet to 350,000 square feet, and the annual water take from 1600 acre feet per year to 600 acre feet per year – a reduction of approximately sixty percent.³ Under either scenario, Nestlé would truck the bottled water and other Nestlé beverages from McCloud. In addition, Nestlé could transport unspecified quantities of unbottled bulk water from different locations to the McCloud facility, or from McCloud to other facilities.

As initially proposed, the project would be the largest water bottling plant in the United States.⁴ Even the scaled down proposal has the potential to significantly affect the important and unique natural resources of the McCloud River area. Yet, the DEIR fails to address in any meaningful way the project’s likely environmental impacts.⁵ Most significantly, as discussed in more detail below, the DEIR fails to analyze the global warming impacts of the project, even though bottling and transporting water are highly energy-intensive. Nor does the DEIR adequately examine the impacts of the project on air quality, water quality of the McCloud River and its tributaries, biological resources, or solid waste.

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⁵ The pending DEIR is so patently inadequate that even Nestlé has requested that the environmental review process be reopened. J. Keenan, *Nestle Proposes Reopening Bottling Plant EIR Process*, Redding Record Searchlight (Feb. 14, 2008).
The DEIR Fails to Analyze the Global Warming Impacts Resulting from the Project.

Scientific and Legal Background

Global warming presents serious challenges to California and the Nation. Greenhouse gases in the atmosphere trap heat near the Earth’s surface. Unnaturally elevated atmospheric concentration of these gases emitted from human activities cause average temperatures to increase, with adverse impacts on humans and the environment. The overwhelming scientific consensus is that human activities that release carbon dioxide (“CO2”) and other greenhouse gases to the atmosphere are, and have been, warming the planet. According to the leading experts, including the Intergovernmental Panel on Climate Change, continuing the current rate of emissions will result in disastrous environmental effects, including increasingly rapid sea level rise, increased frequency of droughts and floods, and increased stress on wildlife and plants due to rapidly shifting climate zones. In addition, public health impacts will likely increase, including impacts related directly to heat stress, and respiratory problems resulting from smog, which forms more easily with high temperatures.

With Executive Order S-3-05 and the California Global Warming Solutions Act of 2006 (AB 32), the Governor and Legislature recognized California’s vulnerability to the adverse effects of increasing temperatures, the urgency of curbing greenhouse gas emissions, and California’s important role as a leader in the fight against climate change. California is committed to reducing greenhouse gas emissions to 1990 levels by 2020, and to 80 percent below 1990 levels by 2050. California’s commitment to prompt action is in accord with the science. According to Rajendra Pachauri, Chairman of the United Nations Intergovernmental Panel on Climate Change (“IPCC”), “If there’s no action before 2012, that’s too late. What we do in the next two to three years will determine our future. This is the defining moment.”

Global Warming Under CEQA

CEQA requires that “[e]ach public agency shall mitigate or avoid the significant effects on the environment of projects that it carries out or approves whenever it is feasible to do so.” (Pub. Res. Code, § 21002.1, subd. (b).) This requirement is the “core of an EIR.” (Citizens of Goleta Valley v. Board of Supervisors of Santa Barbara County (1990) 52 Cal.3d 553, 564-65.) Global warming is an “effect on the environment” under CEQA, and an individual project’s contribution to global warming can be significant or cumulatively considerable. Projects that increase greenhouse gas emissions over long periods of time will make it more difficult for the State to combat warming and to achieve the aggressive reductions required by AB 32 and the Executive Order.

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All phases of a project must be considered when evaluating its impact on the environment: planning, acquisition, development, and operation. (Cal. Code Regs., tit. 14 (hereinafter “CEQA Guidelines”), § 15126.) Although this DEIR discusses construction of the bottling facility and pipelines, it provides only a cursory overview of the environmental impacts of operating the facility.

Bottle Production

Ninety-six percent of bottled water is sold in polyethylene terephthalate (“PET”) bottles.\(^9\) PET is produced from fossil fuels, typically natural gas and petroleum. Producing bottles for American consumption of water in 2006 required the equivalent of 17 million barrels of oil, not including the energy for transportation.\(^{10}\) The manufacture of every ton of PET produces 3 tons of carbon dioxide.\(^{11}\) In 2006, 900,000 tons of PET were used to bottle water in the United States, producing approximately 2.5 million tons of carbon dioxide.\(^{12}\)

Although Nestlé anticipates bottling millions of gallons of spring water each year, the DEIR does not discuss the environmental and global warming impacts of producing bottles for this water. Moreover, under the contract between Nestlé and the McCloud Community Services District, Nestlé may bottle an unknown quantity of other beverages at the facility each year; the DEIR does not address the impacts of producing bottles for those products either. Instead, the DEIR states only that resin pellets of PET will be delivered to the McCloud facility, where they will be blowmolded into bottles. (Project Description, at p. 2.0-18.) In violation of CEQA, the DEIR does not provide an estimate of the number of bottles it will produce on-site, nor an estimate of energy and resulting emissions required to blowmold these bottles each year. The recirculated DEIR should provide this information.

Operation of the Facility

Operating and powering a water bottling facility will take considerable energy. The DEIR predicts that by complete buildout, electrical demand for the project as originally proposed will be 12,240 KW at summer peak and 13,600 KW at winter peak. (Public Services & Utilities, at p. 3.11-12.) The electricity consumption of the project is so great that construction of an electrical substation is included as a component of the project. (Project Description, at p. 2.0-5.) While a smaller-scale project presumably would require less electricity, it will still require some amount. The DEIR must quantify the energy required, and it must address the environmental and global warming impacts of this increase in electrical demand. Currently, the analysis is limited to the impacts the project will have on Pacific Power Corporation’s energy supply, which the DEIR concludes is less than

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\(^12\) *Ibid.*
significant. (Public Services & Utilities, at p. 3.11-21.) Under CEQA, however, the DEIR must address the source of energy for this substation and the emissions that will result from its operation.

Transporting the Bottles

As initially proposed, the project would require between 400 and 600 diesel truck trips every day to transport bottled water from the facility for distribution and sale. In addition, Nestlé may transport bulk water from other sources for bottling at the facility, or from the project area to other bottling facilities. (Project Description, at p. 2.0-18.) The scaled down operation may require fewer trucks, but it is possible that Nestlé could also choose to increase the transport of bulk water from other sources to McCloud. Nowhere does the DEIR state how often Nestlé expects these alternative arrangements to occur, or how much extra truck traffic this will entail. This information is critical to understanding the true nature of the environmental impacts of the transportation element of the project.

The diesel truck emissions from this project will result in releases of both carbon dioxide and diesel soot. Yet, the DEIR entirely fails to address global warming resulting from either pollutant. (Truck emissions also create air quality and health impacts, discussed below.) Diesel soot – or black carbon – has been identified as a substantial contributor to global warming.13 Unlike carbon dioxide, which traps solar energy radiating back from Earth’s surface, black carbon particles absorb solar radiation as it enters Earth’s atmosphere, increasing its heat.14 In addition, when the black carbon particles precipitate onto snow, they increase heat absorption, leading to glacial melting.

Because the DEIR omits any discussion of the emissions of carbon dioxide and diesel soot resulting from the project, it is impossible to determine the full extent of the impact of these emissions. Further, because the impacts are not identified, they are also not mitigated where feasible, as required by CEQA.

The DEIR Does Not Adequately Evaluate Impacts of the Project on Air Quality.

Criteria Pollutants

Air pollution harms the health of Californians, damages agricultural crops, forests, and other plants, and creates haze that reduces visibility. While the DEIR notes that the project may create regional emission increases from on-site heating and processing activities and equipment, it summarily concludes that, because these emissions will be below the federal “de minimus” threshold of significance for reactive organic gas (“ROG”), nitrogen oxides (“NOx”), carbon monoxide

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13 Hansen, J. and L. Nazarenko, Soot Climate Forcing Via Snow and Ice Albedos, Proc. Natl. Acad. Sci. 100 (2003). A recent study concludes that the warming effects of black carbon is three to four times greater than previously believed, and that black carbon in fact is the second greatest contributor to global warming after carbon dioxide. V. Ramanathan, G. Carmichael, Global and Regional Climate Changes Due to Black Carbon, Nature Geoscience 1, 221 - 227 (March 2008).

14 Hansen, J. and L. Nazarenko, Soot Climate Forcing Via Snow and Ice Albedos, supra; Ramanathan, V. and G. Carmichael, Global and Regional Climate Changes Due to Black Carbon, supra.
(“CO”), and particulate matter (“PM10”), the environmental impact is less than significant. (Air Quality at pp. 3.4-9, 3.4-10.) The existence of a federal de minimus threshold of significance does not, however, enable the County to escape its obligation to analyze whether project impacts will be significant.

The DEIR does not explain why it relies on federal standards of significance for air quality when state standards exist. States have the primary responsibility for assuring air quality within their boundaries (42 U.S.C., § 7407, subd. (a)), and California has its own ambient air quality standards for criteria pollutants that are generally more restrictive than federal standards.15 The DEIR should have discussed whether the project will be consistent with State standards in its analysis of the impact of the project on air quality. And, even assuming the project complies with State air quality standards, the lead agency is not relieved of its responsibility to determine whether the project nevertheless has significant air quality impacts under CEQA. (See Mejia v. City of Los Angeles (2005) 130 Cal.App.4th 322, 342.)

The DEIR fails to discuss emissions of ozone, carbon dioxide, and PM2.5 that will result from hundreds of diesel truck trips every day. These emissions should be quantified and evaluated to determine the potential impacts on the environment. If, upon evaluation, those impacts are deemed significant, CEQA requires feasible mitigation.

Further, the DEIR omits any discussion of the air quality effects of the project on air basins other than the Northeast Plateau, in which the project is located. All phases of a project and all significant impacts must be discussed in a CEQA document, and the regional context must be included. (CEQA Guidelines, §§ 15125, 15126.)

**Health Impacts of Diesel Truck Exhaust**

The DEIR concludes that toxic air contaminants emitted from the project’s trucks will have a less than significant impact on health because “the vehicles will not idle for long periods of time, do not have auxiliary power units for refrigeration, and will be located more than 1,000 feet from the nearest sensitive receptor.” (Air Quality, at 3.4-10.)

This conclusion cannot be supported in light of readily available information about the health impacts of diesel emissions. For over a decade, California has identified diesel exhaust particulate matter (“diesel PM”) as a toxic air contaminant based on its potential to cause cancer, premature death, and other health problems. Diesel exhaust also contributes to California’s fine particulate matter (PM2.5) air quality problems. Children and the elderly are most vulnerable to the effects of diesel PM, and diesel emissions are responsible for the majority of California's known cancer risk from outdoor air pollutants.16 Failure to more thoroughly analyze these impacts is improper under CEQA.

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15 See Ambient Air Quality Standards Chart, California Air Resources Board (April 2008), available at www.arb.ca.gov.

16 http://www.arb.ca.gov/research/diesel/diesel-health.htm
The DEIR Includes an Inadequate Project Description that is Inconsistent With the Project Described in the Contract.

Every EIR must set forth a project description that is sufficient to allow an adequate evaluation and review of the environmental impacts. (CEQA Guidelines, § 15124; San Joaquin Raptor Rescue Center v. County of Merced (2007) 149 Cal.App.4th 645, 654.) “An accurate, stable, and finite project description is the sine qua non of an informative and legally sufficient EIR.” (San Joaquin Raptor Rescue Center, supra, 149 Cal.App.4th at 655.)

This DEIR violates the most basic CEQA tenet: it fails to accurately describe the actual project that is proposed, and that has been agreed to by contract. The DEIR firmly and unequivocally declares that the volume of water included in the contract is capped at 1,600 acre feet per year, regardless of whether the source of the water is spring water or groundwater. (Hydrology and Water Quality, at p. 3.9-28.) Yet, the contract expressly excludes groundwater from the calculation of maximum take (Contract, at p. 3), and permits Nestle to take potentially unlimited amounts of groundwater to produce drinking water or other beverages. (Contract at p. 16.) Furthermore, under the contract, Nestle may request unspecified amounts of additional spring water beyond the 1,600 acre feet per year. (Contract, at p. 7.) We understand that Nestlé has agreed to reopen the contract to address the proposed limitations in size of facility and quantity of water. To comply with CEQA, the terms of the amended contract and the recirculated DEIR must conform.

Failure to accurately describe the true extent of the project thwarts proper analysis by the public and decisionmakers. (San Joaquin Raptor Rescue Center v. County of Merced (2007) 149 Cal.App.4th 645, 654.)

In addition, an inaccurate project description necessarily results in inaccurate environmental analyses. Here, the DEIR is plainly inadequate under CEQA when it fails to consider the impacts of both unlimited groundwater use and of additional spring water, as provided for in the contract. Use of this additional water will result in additional production, operation, and truck traffic, and a wide array of additional direct and indirect environmental impacts at levels not disclosed or analyzed in the DEIR.

The DEIR Does Not Adequately Describe the Baseline Environmental Conditions of the Impacted Watersheds.

An EIR must include a description of the existing physical environment conditions in the vicinity of the project, so that the project’s environmental effects can be measured against this baseline. (CEQA Guidelines, § 15125, subd. (a).)

This DEIR, however, does not adequately describe the baseline environmental conditions for the watersheds impacted by the project. The DEIR asserts only that, because there is insufficient data to determine stream flow, it is impossible to analyze the environmental impacts. (Hydrology & Water Quality, at p. 3.9-38.) This assertion is not supported by the record. The DEIR does not describe any reasonably conscientious attempt to collect stream flow data or to make further inquiry of environmental or regulatory agencies having expertise in the matter. (Berkeley Keep Jets Over the Bay v. Board of Commissioners (2001) 91 Cal.App.4th 1344, 1370.) An analysis of stream flow is
critical to understanding the environmental impacts of a project that proposes to divert a significant amount of water from a river. (CEQA Guidelines, § 15151.) Ideally, stream flow of Squaw Valley Creek and Mud Creek would be evaluated over a period of years in order to account for changes in environmental conditions. (Save Our Peninsula Committee v. Monterey County Board of Supervisors (2001) 87 Cal.App.4th 99, 125.)

In the absence of any analysis, the DEIR further makes the unsupported conclusion that impacts on the watershed will be “minimal.” (Hydrology & Water Quality, at p. 3.9-24.) An EIR must offer “a sufficient degree of analysis to provide decisionmakers with information which enables them to make a decision which intelligently takes account of environmental consequences.” (CEQA Guidelines, § 15151.)

We are encouraged that Nestlé has agreed to conduct a two to three year hydrology study to correct these deficiencies. Without this additional analysis, the DEIR would be entirely inadequate under CEQA. As written, the DEIR’s promise to “begin long-term monitoring of Squaw Valley Creek to provide the base information necessary to evaluate long-term impacts associated with the MCSD overflow in to Squaw Valley Creek and the impacts of the proposed project” (Hydrology & Water Quality, at p. 3.9-38) is insufficient. It is not enough to monitor the flow after the project has been approved; the public needs data beforehand in order to evaluate the effects of the project. A mitigation measure cannot be used as a device to avoid disclosing project impacts. (San Joaquin Raptor Rescue Center, supra, 149 Cal.App.4th at 663-64.)

The County’s Analysis of Biological Impacts and Mitigation Measures is Inadequate.

Because the DEIR fails to adequately establish the baseline environmental conditions, it cannot properly analyze the biological impacts of the project. The following discussion, focusing on impacts to sensitive frogs, illustrates the document’s deficiencies.17 We understand and are encouraged that Nestlé intends to more thoroughly analyze such impacts in a recirculated DEIR.

The DEIR explains that the project could result in potentially significant impacts on frogs and their habitats by changing water quantity or quality in the Squaw Valley Creek.18 But it states that those impacts “cannot be quantified because of a lack of data.” (Biological Resources, at 3.5-67.) This lack of analysis is inadequate under CEQA. The purposes of CEQA are thwarted if the project proponent simply gathers data to quantify impacts of a project after the project has already been approved and implemented. (San Joaquin Raptor Rescue Center, supra, 149 Cal.App.4th at 663-64.)

Mitigation measures proposed in the DEIR raise additional significant concerns. Under the

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17The DEIR improperly focuses only on threatened and endangered species. CEQA does not have such limitations. See CEQA Guidelines, § 15065, subd. (a)(1).

18Any potential changes in water quantity or water quality in Squaw Valley Creek as a result of the proposed project could result in a reduction in aquatic and riparian frog habitat and thus mortality to the tailed frog, foothill yellow-legged frog, and Cascades frog eggs, tadpoles, or adults. This impact is considered to be potentially significant subject to mitigation.” (Biological Resources, at p. 3.5-66.)
DEIR, if the monitoring demonstrates that the bottling project is having a significant impact on biological resources, “[Nestlé] shall supplement flow in Squaw Valley Creek from another source to offset the impacts or shall not complete subsequent phases of the proposed bottling facility.” (Biological Resources, at p. 3.5-68.) Nowhere, however, does the DEIR define when impacts on biological resources due to changes in water quality and quantity would be considered significant. Further, it does not identify a source of substitute water, nor does it examine the environmental impacts of using another source. In addition, the monitoring would continue only for five years after full buildout. (Id. at 3.5-67.) This is inadequate mitigation under CEQA.

The DEIR Fails to Address the Impacts of Waste Generation Resulting from the Project.

Discharge of PET Pellets

PET pellets, or “nurdles,” used to manufacture plastic bottles pose significant threats to marine life. Approximately 60 billion pounds of pellets are produced annually in the United States. When these tiny plastic spheres are accidentally released into the environment, birds and animals mistake them for food and subsequently die through starvation, choking, or infection. In addition, the plastic often contains potentially harmful chemicals such as phthalates, bisphenol A, styrene, or vinyl chloride which can leach into the water.

Recently enacted legislation, codified at section 13367 et seq. of chapter 5.2 of the California Water Code, requires implementation of best practices to control against the discharge of nurdles into the environment. Best practices include the installation of appropriate containment systems; the prevention of discharge; proper storage; capture devices; and a vacuum system for quick cleanup of fugitive plastic pellets. (Cal. Water Code, ch. 5.2, § 13367, subds. (e)(1) to (e)(5).)

This DEIR does not address nurdle control. Because the facility will receive and store nurdles in order to manufacture bottles on-site, (Project Description, at 2.0-18), the DEIR should discuss the management procedures it intends to adopt to prevent and mitigate potential spills.

Bottles

The DEIR fails to address the solid waste impacts of this project. More than one billion plastic water bottles end up in the trash in California each year, taking up valuable landfill space and

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leaching toxic additives such as phthalates into the groundwater.23 These bottles will take one thousand years to biodegrade.24 Because plastic water bottles are recycled at very low rates, tens of billions of new bottles are manufactured each year from virgin materials – fossil fuels – to replace the bottles that were not recycled.25 The project description states that waste PET bottles generated by the facility will be recycled and notes that consumers may recycle the bottles, but fails to acknowledge either that most plastic bottles manufactured today are not recycled,26 or that this project will result in the production of thousands of bottles that will end up in landfills or the ocean.27 This environmental impact should be disclosed.

**Conclusion**

The DEIR for the originally proposed bottling plant project is “so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment [is] precluded.” (CEQA Guidelines, § 15088.5, subd. (a)(4).) As a result, the DEIR must be revised and recirculated. Fortunately, it appears that Nestle is redesigning the project, which will require a new EIR as well. We encourage the County to consider the issues raised in this letter as it proceeds with a new EIR. Thank you for the opportunity to offer these comments.

Sincerely,

/S/

DEBORAH R. SLON
Deputy Attorney General

For EDMUND G. BROWN JR.
Attorney General

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26 Even the National Association of PET Container Resources (NAPCOR) acknowledges that PET containers are recycled at a rate of only 23.5%. 2006 Rate Report Shows PET Container Recycling Rate Up for Third Year at 23.5% (Oct. 2007), http://www.napcor.com/plastic/bottles/press07rr.html

27 An average of 60% of items retrieved from beaches on the annually held Coastal Cleanup Day in the United States is comprised of plastic. *Eliminating Land-Based Discharges of Marine Debris in California* (California Coastal Commission, June 2006), at 16. Among the top 10 items collected overall are beverage containers and plastic bottle caps and lids. Plastic bottle caps are a ubiquitous litter item in part because they are readily discarded and are small enough to pass through the typical storm drain. Bottle caps pose serious dangers to seabirds and marine life because certain species ingest them as food. One way to mitigate this threat is to attach the cap to the bottle.