

Dear Chaffee County Residents:

There is much interest and discussion by local community members about Nestlé Waters' proposed spring water development near Nathrop. Water is of vital interest in Colorado, and as a large company seeking to operate in rural Chaffee County we expect that people will have important questions and concerns. As the Nestlé Waters project manager in Chaffee County, I'd like to provide more information and clarification in response to questions and statements that have been raised by residents, particularly those who attended the recent public hearings before both the County Planning and Zoning and Board of Commissioners. Please consider the following.

The County Permitting Process

Nestlé Waters requires two permits from the County: (1) a Special Land Use Permit (SLUP) to develop a water supply in an area currently zoned rural or commercial and, (2) a 1041 Permit to identify and mitigate any potential impacts from the proposed project. Nestlé Waters must follow Chaffee County's specific permitting requirements before any operations can begin. The permitting process is rigorous and includes over two years of data collection and scientific research that is subject to review by Chaffee County staff, other regulatory review agencies, and third party independent professional consultants not affiliated with Nestlé Waters.

Nestlé Waters must and does follow all procedures in accordance with the 1041 and SLUP permitting process. Due to the significant and comprehensive application requirements, Nestlé Waters has requested on several occasions that the County extend the code-specified timelines to provide sufficient time for the County and residents to conduct their thorough review of the application and supporting documents.

If approved, the project will require continual and strict oversight by local, state and federal authorities, including Chaffee County, the Colorado State Engineer's Office (SEO), the Colorado Division of Wildlife (CDOW), the U.S. Fish and Wildlife Service (USFWS), and the U.S. Army Corps of Engineers (USACE). Nestlé Waters will be subject to annual – and in some cases - monthly or weekly review of water withdrawals, monitoring data and scientific studies by these various authorities in order to continue operating.

Water Resource Protection

Nestlé Waters is making a significant financial investment to safely and sustainably harvest a small fraction of the renewable spring water supply for the long term. Our interest is to carefully manage the springs and associated lands for the future. As such, our project provides an inherent measure of protection and preservation that would not otherwise exist.

Extensive and detailed hydrogeologic and environmental studies have been completed to evaluate the water supply and associated ecosystems. As a hydrogeologist with over 25 years of experience, I am confident that the proposed water withdrawal of 0.3 cubic feet per second (three tenths of a CFS) will have no measurable impact on the Arkansas River or any area water wells, even under low flow conditions. (A claim supported by the County review consultant W.W. Wheeler discussed later.)

When drought or seasonal dry spells occur and less water is available, Nestlé Waters will adjust its water withdrawals to protect the environment and other water users. An intricate network of monitoring wells, flumes, weirs and water-quality instruments has been installed to effectively manage water resources safely for the long term. This data will be available to the public through published reports. Enforcement oversight is provided by the SEO.

Augmentation Water

In compliance with Colorado water law, our water withdrawals will be fully augmented, replacing each and every drop of water. Nestlé Waters has entered into an agreement with the City of Aurora, which will provide upstream releases to the Arkansas River from Twin Lakes Reservoir. These releases must be approved and will be regulated by the State Engineers Office (SEO) and timed to coincide with our withdrawals, which will also be overseen by the SEO. This augmentation plan is simple in its application to our project and very reliable since our requirement represents a minute fraction of Aurora's existing storage on the Arkansas River. However, in the unlikely event that Aurora were to cease providing augmentation water, such as in a Stage 3 drought, our project would be required by the SEO to suspend water withdrawal until the SEO approved a new plan to augment that is equally protective of the river.

Third Party Review

As part of the 1041 permitting process, Nestlé Waters was required to supply over 1,000 pages of scientific documentation, including ecological, biological, and hydrogeological information as well as economic studies and traffic information to the County for independent review. The County selected (and Nestlé Waters was required to fund) independent, third-party consultants to review various components of the 1041 application.

W.W. Wheeler and Associates, on behalf of the County, provided a detailed review of the Nestlé Waters hydrogeologic information. Wheeler's professional hydrogeologists, essentially support, with some minor exceptions, the conclusions reached by Nestlé Waters' (referred to below as "NNA") scientific studies. The Wheeler review concludes,

"This amount of diversion would not be discernable to water users along the river... If NNA provides full replacement of its depletions, as planned,...at Twin Lakes under the Aurora lease, there would be no net depletions to the surface flow of the Arkansas River in Chaffee County (p.2)... We are not aware of any potential for groundwater impacts that

would extend across to the west side of the Arkansas River (p. 4)...We are not aware of any impacts to existing well users on the east side of the river (p.8). In our opinion, there is no significant water quality impact associated with this project (p.6)...we do not anticipate that this project will ever cause drastic changes to the streamflow or groundwater, even in the event of severe climate change (p.7)...We are unsure whether NWNA will be able to achieve a reliable 200 acre-feet per year of longterm yield, but this would be one of the business risks for NWNA .(p.8)

The Colorado Division of Wildlife (CDOW) acts as a review agency for the County in the permitting process, and serves the important regulatory role of managing any potential impacts to wildlife and habitat during project construction and operation. At least four CDOW biologists with diverse expertise in fisheries, wetlands, and wildlife reviewed the Nestlé Waters applications. The CDOW has advised the County in writing and testimony before the Board of Commissioners that our proposed project is not expected to negatively impact wildlife or wildlife habitat, but may in reality be of significant benefit to wildlife habitat. Nestlé Waters has drafted wetlands, grazing, and Bighorn Sheep protection plans for the CDOW and is working closely with their experts to develop a holistic land management plan consistent with CDOW objectives of protecting wildlife and wildlife habitat.

The County also contracted an independent ecology consultant through the Colorado Natural Heritage Program (CNHP) to review the Nestlé application with respect to potential ecological impacts. The County has made public two DRAFT versions of the CNHP report. I believe the author of the report draws some unsubstantiated conclusions about the potential environmental harm our project could cause. Of particular concern are:

- The DRAFT CNHP conclusions regarding surface and groundwater are not substantiated in any way by the review of W.W. Wheeler (the County-retained hydrogeologic experts).
- The DRAFT CNHP conclusions regarding impacts to wildlife and habitat are not substantiated by the very credible report and testimony of the Colorado Division of Wildlife multidiscipline biologists.
- The DRAFT CNHP reports were not reviewed or endorsed by the CSU Department of Fish and Wildlife Biology, with which CNHP is affiliated.
- It is my understanding the DRAFT CNHP reports were not reviewed or approved by CNHP management.

I have been advised this last week by the CNHP Director that he is concerned the DRAFT reports have been widely circulated, and that the CNHP will be closely reviewing and finalizing their report by April 6. Nestlé places great value in, and makes

considerable investments and decisions based on, sound science. We look forward to a more objective and scientific analysis by the CNHP in their FINAL report.

Traffic

Based on community feedback, Nestlé Waters has committed to construct a 5-mile buried pipeline from the springs to a truck loading station to be located at the existing truck stop in Johnson Village, with direct access to US 24/285. This will keep trucks off County roads, minimize traffic concerns, and protect open space and viewsheds.

Nestlé Waters has conducted a traffic study which indicates the Johnson Village location is an ideal place for trucks to exit and enter the state highway. CDOT has issued an access permit and indicated that all CDOT concerns have been addressed.

Our proposed withdrawal of 200 acre-feet annually equates to a maximum of 25 trucks per day. Never more than that, sometimes less. This equates to a maximum of about one truck an hour. At the truck stop, US 24/285 has a service rating of "A" now and for the foreseeable future, including trucks from our project. This means that trucks will be able to easily and safely access the highway with no significant impact to other traffic. Our trucks represent an increase in existing traffic of less than 1%.

Nestlé Waters North America's Corporate Reputation

Having been employed by Nestlé Waters as a hydrogeologist for over 11 years, I have toured all of our spring sites across the country and personally managed more than a dozen. All of these sites continue to be protected and beautiful with productive springs, many after decades of operation. In addition, because of our stewardship we enjoy good relationships with the vast majority of communities where we operate.

In the United States, Nestlé Waters employs about 8,400 Americans, operates more than 25 bottling facilities and manages about 60 spring sites. Our company consists of real people, with families, in real communities, and we take very seriously our role in those communities to operate sustainably and to provide meaningful, positive benefits. While we are not perfect - nor do we claim to be - what is sometimes negatively portrayed on the internet about our company does not represent both sides of the story. I encourage local residents to contact other community leaders, neighbors or regulators or visit our website www.nestléwatersco.com/chaffeecty if they are looking for further information and comments about our operations in other communities around the United States.

Benefits to Chaffee County

Nestlé Waters makes it a priority to contribute in helpful and tangible ways to the communities in which we operate and often to the surrounding region. We look to our local communities to help determine how our contributions can best make a difference. We have been, and are currently, actively looking for ways to contribute meaningfully to Chaffee County above and beyond the benefits that our project inherently creates, such as:

- Restoration: A substantial, collaborative restoration project at the Ruby Mountain Spring Site, including the complete naturalization of the existing trout hatchery along the Arkansas River. This project is a condition of the 1041 Permit.
- Open space: Protection of over 100 acres of land within the river corridor, providing significant benefit to the area wildlife and the tourism industry, as well as providing educational opportunities for Colorado Mountain College and local students.
- Financial benefits: A modest but positive net financial benefit in Chaffee County in the form of increased property and utility taxes upwards of \$80,000 annually with essentially no required County services or costs.
- Philanthropic donations: We are engaged in ongoing discussions with local citizen representatives to provide a significant endowment with future annual programmatic contributions that would initiate a locally controlled non-profit foundation dedicated to projects and activities focused on community sustainability.
- Water education: Funds to broaden Project W.E.T. (Water Education for Teachers) initiatives in Chaffee County. Project W.E.T. is an independent water education curriculum supported nationally by Nestlé Waters and implemented in many of our spring communities across the country.
- Local recognition: Local labeling for spring water from Chaffee County. We are willing to customize the labels on bottled spring water from Chaffee County to educate consumers on the health benefits of water, commitment to quality and environmental efforts as they relate to the Arkansas River Headwaters.

In addition to local benefits, Nestlé Waters considers serving in times of emergency as one of its most important roles. We donate millions of bottles of water each year to the American Red Cross and Americares for disaster relief. In 2007, when the Alamosa, CO water supply was contaminated by salmonella, Nestlé Waters immediately sent 4 semi-truck loads of bottled water to help. Time and time again, Nestlé Waters makes concerted efforts to provide clean drinking water when local supplies are interrupted.

Our experience in Chaffee County has been one of open-mindedness. Residents have allowed for our active outreach and community engagement so we could provide information and listen to feedback, and that effort continues today. Over the past year I have personally toured the spring sites with more than 150 local residents, representing a wide variety of interest groups. I have made presentations to more than 200 people through such groups as the Rotary, The League of Women Voters, Trout Unlimited, and the Optimists. From these visits, we better understand what is important to local residents, and have significantly modified our project to better fit in Chaffee County.

In order to obtain and maintain the 1041 and SLUP permits we are required to meet and operate within an extensive set of criteria. We hope we have an opportunity to demonstrate our good work in Chaffee County long-term, as we have done in many other communities.

As always, I can be reached through our Website, or by calling (406) 449-6659. I am available to answer further questions or provide site tours to those who are interested in learning more or offering suggestions.

Thank you for your time and consideration

Bruce Lauerman, R.G., CHG
Natural Resources Manager
Nestlé Waters North America