



Poor Water Infrastructure Threatens Kentucky Economy

Clean Water is Good for Business

America is fortunate to have thousands of municipal water systems to provide reliable, plentiful clean drinking water and sanitary waste disposal. But most of this water infrastructure is deteriorating badly. Ranging from several decades to over a century old, our water infrastructure suffers from neglect and age and urgently needs repair and replacement. In 2017, The American Society of Civil Engineers (ASCE) issued an infrastructure report card that gave the U.S. drinking water infrastructure a “D” grade for overall quality. Nationwide, an estimated 240,000 water main breaks occur every year.

To maintain U.S. drinking water service at current levels requires replacing pipes that are already past, or at, their useful lives, and expanding systems to support growing populations. The American Water Works Association says completing these updates will require an estimated \$1 trillion in infrastructure investments over the next 25 years.

Both Democrats and Republicans have stated that America’s water systems need repair. Groups ranging from the U.S. Chamber of Commerce to the AFL-CIO have called for Congress to address this issue. Unfortunately, Congress has yet to pass any substantial funding bill to address America’s ailing water infrastructure.

Business survival as well as public health depends on saving America’s water infrastructure now.

Water infrastructure is as vital to business as it is to human health. American businesses rely on municipal water systems



IN A SNAPSHOT

- Both Democrats and Republicans agree that America’s water systems need repair. Groups ranging from the U.S. Chamber of Commerce to the AFL-CIO have called for Congress to address this issue.
- The American Society of Civil Engineers (ASCE) has found that Kentucky’s drinking water infrastructure earns a C+ and wastewater infrastructure earns a C- grade.
- In Kentucky alone, \$6.2 billion will need to be invested over the next 20 years to bring our water infrastructure back into proper working condition, with an additional \$2.1 billion on wastewater infrastructure over the same period. ,
- Kentucky agriculture is a major industry in the state, and Kentucky’s world-renowned bourbon distilling industry is not only a major source of revenue but a pillar of our culture. Both agriculture and distilling rely heavily on a constant, reliable supply of clean water for their everyday operations.

for food production, manufacturing, energy production, and much more. Even companies that do not directly rely on clean water infrastructure to create their products need it to fulfill their day-to-day functions. Faulty infrastructure inflicts disruptions on business operations, including utility service interruptions, polluted drinking water, and higher water bills.

Investing in water infrastructure cannot be delayed any longer. The American Society of Civil Engineers says that the fallout from America’s water infrastructure’s degradation will result in:

- \$147 billion in increased costs to businesses due to higher water rates,
- 700,000 jobs lost due to the resulting squeeze on company budgets,
- \$416 billion in lost GDP due to increased costs and the loss of worker productivity.

ASCE says these losses will occur by the year 2020. Failing to update infrastructure will result in failed water delivery to Kentucky residents, with the resultant danger to public health, attendant legal exposure costs, and business loss.



Kentucky's Agriculture and Bourbon Businesses at Risk

Kentucky's infrastructure sorely needs improvement. Reporting on the condition of America's infrastructure, the American Society of Civil Engineers (ASCE) states that Kentucky's drinking water infrastructure earns a C+ and wastewater infrastructure earns a C- grade. ASCE reports that, over the next 20 years, \$6.2 billion is needed to bring Kentucky's water infrastructure back into proper working condition, with an additional \$2.1 billion on wastewater infrastructure over the same period. Kentucky's municipal water systems need serious attention, and the dangers — and costs — will only get worse the longer we delay.

Deteriorating water infrastructure puts many Kentucky businesses at dire risk, including those in two of its biggest industries, agriculture and bourbon distilling. Kentucky's 77,000 farms, covering 13 million acres of land, generate \$5 billion in economic impact each year. Kentucky's world-renowned bourbon industry distills over a million barrels each year, generating another \$3 billion annually and employing over 15,400 Kentuckians. Agriculture and bourbon distilling are both heavily reliant on abundant, reliable clean water, and Kentucky's deteriorating water infrastructure puts these pillars of Kentucky's economy and culture at risk.

Private businesses and government leaders can both take common-sense action to restore America's safe, reliable water infrastructure. We can:

- **Increase human capital** in the water infrastructure industry. Upgrading America's water infrastructure will require increasing investment human capital. Funding is needed to train outreach staff, technical science providers, planners, watershed coordinators, designers and construction teams. An investment of \$188.4 billion in water infrastructure

over the next years will generate \$256.6 billion in economic activity and create nearly 2 million jobs nationwide. Kentucky needs and deserves its share of this economic growth.

- **Expand availability and increase transparency** and accountability for the Clean Water State Revolving Fund. The Clean Water State Revolving Fund, a state-federal partnership administered by the EPA, provides low-interest loans for water infrastructure projects. The program can fund infrastructure efficiency, extensions to underserved communities, construction of treatment plants, or lead removal. Increasing the EPA's annual grant size would allow more investment in water infrastructure; especially vital to Kentucky as businesses use surface-water sources, including the Mississippi River, every day.

Kentucky's Energy and Environment Cabinet's (EEC) Division of Water (DOW) and Kentucky Infrastructure Authority (KIA), through an interagency agreement, provide communities with low-interest loans from the CWSRF to comply with the requirements of the Clean Water Act must broaden eligibility and improve transparency in financing these essential loans.

- **Restore Kentucky's natural water infrastructure.** The state's water infrastructure includes engineered structures — dams, reservoirs, canals, drainage ditches, wastewater treatment plants and irrigation systems — and natural structures like mangroves and floodplains. We must invest in conserving and restoring natural infrastructure because it mitigates water quality problems at a low cost. Some U.S. cities have saved up to 60% of costs for revitalizing their water infrastructure by restoring natural infrastructure. Conservation of this infrastructure also increases the value of ecosystem services, in turn helping businesses in the recreation, tourism, and manufacturing industries. ★



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The American Sustainable Business Council is a growing coalition of business organizations and companies committed to advancing market solutions and policies to support a sustainable economy. ASBC and its organizational members represent more than 250,000 businesses and more than 325,000 business leaders across the U.S.

To take action on clean water issues, please visit asbcouncil.org