American Sustainable Business Council

Poor Water Infrastructure Threatens Minnesota 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 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.

IN A SNAPSHOT

- The American Society of Civil Engineers (ASCE) states that over the next 20 years, Minnesota will need $7.4 billion for clean water infrastructure and another $4.1 billion for waste water infrastructure just to bring it back into proper working condition.
- Minnesota's agriculture produces $75 billion in revenue each year and employs about 340,000 residents working on 74,542 farms that cover a total of 1.32 million acres. Minnesota's thriving craft brewing industry produces over 600,000 barrels of beer every year for a total of $1 billion in revenue. Our economy relies on these industries, and they rely on a constant, dependable supply of clean water.
- Governor Dayton's $220-million infrastructure plan allocates much of the budget for traditional capital expenses and grant programs, but we have a pressing, additional need for human capital. Minnesota has more than 4,000 civil engineers but fewer than 800 environmental engineers. Environmental specialists provide good ROI by letting the state utilize best asset management practices in the crucial specialty area of water infrastructure, delivering needed water to business today and ensuring reliable water supplies for Minnesota long-term.

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 Minnesota residents, with the resultant danger to public health, attendant legal exposure costs, and business loss.

Minnesota's Agriculture and Craft Brewing Businesses at Risk

The American Society of Civil Engineers (ASCE) states that over the next 20 years, $7.4 billion is needed to bring Minnesota's clean water infrastructure back into proper working condition, and an additional $4.1 billion is needed for our wastewater infrastructure. The dangers — and costs — will only get worse the longer we delay.

Deteriorating water infrastructure puts many Minnesota businesses at risk, and with it, our whole economy. Minnesota's agriculture produces $75 billion in revenue each year and employs about 340,000 residents working on 74,542 farms that cover a total of 1.32 million acres. Minnesota's thriving craft brewing industry produces over 600,000 barrels of beer every year for a total of $1 billion in revenue. Agriculture and brewing industries both rely heavily on a constant, reliable supply of clean water for their everyday operations. If our water systems are not taken care of now, our economy cannot endure.

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 increased investment in outreach staff, technical science providers, planners, watershed coordinators, designers and construction teams. Governor Mark Dayton's new, $220-million infrastructure plan allocates much of the budget for traditional capital expenses and grant programs but does not address the need for human capital. While Minnesota has more than 4,000 civil engineers, we have fewer than 800 environmental engineers and need many more. Investing in environmental specialists lets the state utilize best asset management practices. ROI includes more durable, efficient infrastructure; improved reliability for business operations; and a sustainable level of ample, clean water for Minnesota over the long term.
- **Enact tax credits for water reclamation infrastructure.** Water reclamation technology lets communities maintain essential utilities while reducing today's unsustainable demand on water supplies. Minnesota's domestic, commercial and industrial use of water in 2015 totaled 189 billion gallons. Every day, bottling plants use more than 110,000 gallons and meat-packing plants use nearly 40,000 gallons. These heavy-use operations most often take water from local municipalities' potable groundwater, increasing wastewater pollution and stressing our public water systems. Water reclamation and recycling can ease this burden. A closed-loop wastewater system would reduce pollution and water consumption, in turn reducing wear on overburdened municipal water delivery systems. Similar systems, used for cooling water in power generators, could help Minnesota save some of the 779 billion gallons of water used in power plants in 2015. A water reclamation tax credit would incentivize businesses to invest in water reclamation and recycling, to their direct benefit as well as Minnesota's.
- **Expand availability** for Clean Water State Revolving Fund (CWSRF) loans. The Clean Water State Revolving Fund, a state-federal partnership administered by the EPA, provides communities with low-interest loans for water projects such as 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. Access to this fund is especially important in Minnesota, as small community projects make up the majority of the $11 billion in water infrastructure costs facing the state over the next 20 years. ★

American Sustainable Business Council

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

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