FAQ on Development and Use Agreement with Purple Rain Properties
May 23, 2022

How much will the development contribute to our tax base and tax levy capacity? If approved, the project's contribution to the TID tax district will be $1.026 million. This will pay for TID expenses during its 21-year life (or for a shorter period of time if the TID is paid off more quickly). In the final year of the TID, all tax revenue will be used for affordable housing. After the TID is closed, revenue will go to all taxing entities, with estimated annual taxes paid as follows: $215,460 to the County, $430,920 to the City, $338,580 to ECASD, and $51,300 to CVTC. Though the initial tax revenue will be paid into the TID, the new growth means that, due to state municipal tax law, the City can levy an additional $431,000. The company's goal is to be operational by the end of 2023, which means that the impact would be seen in the 2024 budget cycle and could support an additional four positions, including in areas that address both basic services and the City's strategic goals, such as sustainability and housing.

How do the jobs created compare to average compensation in Eau Claire? The development will result in 58 jobs initially, with an expectation of 100 jobs at full capacity. The average salary in Eau Claire County in 2020 was $30,842. Niagara will pay starting salaries of $59,000, which is almost double the County's average income. Securing higher-paying jobs, especially accessible to the 67% of the City's population who do not have college degrees, is a key aspect of affordability, in combination with also creating accessible, affordable, and workforce housing.

What risk does the manufacturing plant pose to the community? As compared to some other industries, there is little risk and fewer externalities created by the bottling plant. Their wastewater stream is just water, with a higher concentration of the minerals already found in our water. They manufacture bottles and caps on site, but use recycled plastics and also recycle plastic waste.

What was the process that resulted in Niagara's decision to locate in Eau Claire? In late 2021 ,the City of Eau Claire and Eau Claire Area EDC, with involvement of the Wisconsin Economic Development Corporation, were invited to submit sites for a potential manufacturer expansion seeking 30 acres of industrial space. The City was provided a building size range, utility requirements, and job creation estimates. After careful review by staff, it was determined that the City of Eau Claire could meet the site requirement. The project was attractive to the community based on capital investment and job creation/wages. The type of manufacturing is consistent with other companies already located in the community. With this in mind, a site was submitted as for potential development. This started a process of site visits, plan submissions and reviews, site reviews, capacity reviews, etc. that spanned several months involving several City Departments. Through the process, Project Horseshoe eventually narrow the community search to two communities, with Eau Claire designated as the preferred site.

Why do major development projects like this not get discussed publicly earlier in the process? The selection process for a community is very involved and very competitive. Securing for this kind of development is high stakes for both the municipality and the business, and that leads to a higher level of confidentiality than with planning for other types of large projects. For municipalities, it's extremely competitive to try to secure a development agreement with a manufacturing company. Municipalities often compete using incentives, and thus do not want their identity shared as then competitor cities may increase their incentives. In turn, businesses doing site selection do not want competitors to know where they may locate.

What is the reputation of Niagara? Niagara has numerous plants in the US and has a reputation of being a well-run company. They use recycled plastic with smaller packaging, and they have a distribution model designed to reduce the amount of fuel consumed through regional production and distribution. They have a track record of supporting their host communities they are in through good corporate citizenship.

What happens if some of the City's wells need to be shut down? Currently we have the capacity to shut down up to half of our 15 wells AND still meet the increased demand of Niagara. Designs for new additional wells are being worked on currently and plan to be constructed within the next 18 months, whether or not Niagara comes to Eau Claire. The additional wells are based on 2014 Comprehensive Water Study. The City follows this study in all its water use decision making. The peak usage of Niagara would consume approximately one third to one half of one well's production. If a situation were to occur where water usage would need to be conserved, our policy first looks to restrict lawn watering to every other day rather than every day. By far, the largest cyclical increase in demand for water is lawn watering. Summer peak usage is between 15 and 17 million gallons per day, vs. nine million in the winters. When demand goes up, the limiting factor is not the amount of water in the wells. Instead, the limitation comes from the ability to pump the water out of the wells and treat it for manganese removal. The aquifer has more than ample capacity to fulfill all current and future needs of Eau Claire in the future.

Where will the bottled water be distributed? The water will be distributed in Western Wisconsin and Minnesota. Note that, if smaller communities near Eau Claire have a boil water order or other water supply challenge, having a local source for bottled water will be helpful.

How much will Niagara pay for water as compared to current customers? Niagara will pay the established non-residential standard rate for their usage volume as listed in the 2022 Rate Sheet for Utility usage and approved by the City Council in 2021. There is no difference in rates charged for Niagara as compared to other users in the same water use volume category. Rates are regulated by the Public Service Commission.

Will Niagara's usage affect the cost of water for the rest of Eau Claire? The revenue generated by the Water Utility by the sale of water to Niagara will help keep the water rates stable or could decrease the cost of water to the general public. Water rates for consumers are based on the cost of operating the water treatment plant, constructing new water lines to consumers, and maintaining water lines. A large consumer of water like Niagara purchases water from the City yet requires substantially less infrastructure per gallon sold than a residential customer. Thus, the funds received help to offset other users' costs.

	Gallon Usage	$ Fees Paid	% of Total
Proposed Niagara plant	302,600,000	$614,576	28.7%
Nestle USA	250,918,844	$509,612	23.8%
Cascade Tissue of WI Inc	133,121,560	$270,368	12.6%
Hutchinson Technology	95,539,796	$194,040	9.1%
American Phoenix	92,069,824	$186,992	8.7%
Mayo Clinic Health System	43,638,320	$88,629	4.1%
UWEC	41,896,228	$85,091	4.0%
Silver Springs Foods	26,761,196	$54,352	2.5%
Sacred Heart Hospital	23,735,536	$48,206	2.3%
ECASD	22,870,848	$46,450	2.2%
Kwik Trip	20,447,328	$41,528	1.9%
11 Largest Total	750,999,480	$1,525,267	71.3%
All Other Customers	1,989,446,520	$4,040,533	188.8%
Total	**1,053,599,480**	**$2,139,843**	**100.0%**
Per Gallon Cost	$ 0.0020310		

How does the proposed water usage by Niagara compare to other customers' usage? Initially, Niagara will be the second largest water user. After full buildout, Niagara will be the largest water user. They have a regional distribution model, while other local beverage companies, including breweries in Eau Claire and Chippewa, sell some of their product throughout the nation and overseas.

While Niagara will use a share of Eau Claire's pumping capacity, the capacity of water overall is so large that our aquafer overflows into the Chippewa River. The gallon volume of the aquafer is approximately 2.132*10^12 gallons. The City uses is a very small fraction of the total area water capacity.