



FAQ on Development and Use Agreement with Purple Rain Properties, Updated June 7, 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 a guaranteed \$16 million over the 21-year life of the TID, and, projections show that it could generate \$1.026 million in revenue per year. In addition, Niagara will pay up to \$650,000 annually in utility payments. The tax payments 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 Chippewa 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 each year. If approved, the company's goal is to be operational by the end of 2023, which means that 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.

What is the economic impact of Niagara on Eau Claire households? 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 66% 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. Manufacturing and commercial tax revenue also relieves household tax burden.

What risks does the manufacturing plant pose to the community? As compared to some other industries, there are 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. Niagara is a certified TRUE net zero waste manufacturer. This means that the company itself does not send plastics to the landfill. It is, however, the responsibility of consumers to recycle their products. The City does not exclude businesses based on their labor, sourcing, or materials-use practices.

How does Eau Claire manage its water supply? The City follows a Water Plan created in 2014 after a thorough SEH engineering study of the treatment plant and the entire water system. There are several improvements that have been implemented, including a complete re-build of the City's four finishing filters and their respective underdrain systems, the drilling of two high-capacity wells with associated piping and well houses, a re-build of settling basins, and more. The City is working on other improvements of this nature, and another study will be conducted in 2024 to assess and guide the City's future water system functioning. Here is a document with more information about the Water Plan: [2022.06.06 M City Water System Capacity Review.pdf](#)

How can revenue from the plant help advance the City's sustainability goals? If the plant is approved, the City commits to funding – out of both Niagara's payments to the Water/Sewer Enterprise Funds and out of Niagara's tax revenue a permanent and full-time Sustainability Coordinator (see attached for description). Working with the Council and the Sustainability Advisory Committee, this person will advance Eau Claire's efforts to achieve carbon neutrality and reduce waste. Racine and Green Bay have recently created similar positions. The City's has a climate action plan called the Renewable Energy Action Plan (REAP). Its goal is to reduce greenhouse gas emissions by 30% by 2030 (towards carbon neutrality by 2050). More information about REAP can be found on the City of Eau Claire website: [Renewable Energy Action Plan | City of Eau Claire, Wisconsin \(eauclairewi.gov\)](#). In addition to working on the goals spelled out in the City's Renewable Action Energy Plan, the Coordinator can focus in particular on issues raised as part of the Niagara discussion, including:

- **Increase water conservation:** Several approaches may be considered to reduce water usage, including education, policy change, rate structure changes, impact fees, and enhanced development review, etc.
- **Waste Reduction:** The Sustainability Coordinator can work to reduce single-use plastic and other materials, by working with institutional partners (e.g. Districts, University, hospitals) and by working with residents. A

How will Niagara's water use affect the Eau Claire water supply? Eau Claire draws from an aquifer that is continually replenished by upland areas and the Chippewa River. Through highly productive City wells, water deposits like this have provided an abundant supply of water to the City of Eau Claire for over 140 years. Because of the abundance of water available for use in Eau Claire, the Niagara Bottling Company Development is unlikely to affect the water supply in Eau Claire. Further, according to the Wisconsin Department of Natural Resources, Wisconsin has become 14 percent wetter since the 1950s as a

result of climate change. While water bottling is not a sustainable practice in drought-prone areas such as the Southwest region of the United States, water bottling in the Midwest region is comparatively more sustainable because of the region's abundant water sources.

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 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.

Will Niagara create its own on-site high-capacity well? Niagara will be unable to build its own high-capacity well on-site because Eau Claire City ordinances require businesses to connect to the municipal water supply. However, they could potentially construct a high-capacity well to fit their needs adjacent to their site in either the Town of Union or Town of Wheaton.

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. While non-residential customers do have a reduced rate for bulk water usage, major users have focused on water conservation throughout the last few decades; since 1982 their operations have expanded, yet their water use has substantially decreased.

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.

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.



Date: June 6, 2022

To: Stephanie Hirsch, City Manager

From: Ned Noel, Senior Planner

Re: Proposed Niagara Water Bottling Plant & Sustainability Promise

Climate & Water

The community has expressed concerns with this water bottling plant proposal. Some relate to an uncertain future with climate change. The *2021 Assessment Report* from the Wisconsin Initiative on Climate Change Impacts (WICCI) found the state has warmed by about three degrees Fahrenheit and average precipitation has increased by 17 percent since 1950. They conclude this new analysis reaffirms previous projections indicating that many of these trends will continue, with wide ranging consequences to natural and built environments. Water conservation and site infiltration were recommended as risk reduction solutions for both localized flooding and summer droughts. More information can be found at:

<https://wicci.wisc.edu/2021-assessment-report/water/>

Regulating Water

If the City Council wishes to reconsider water conservation several approaches may be considered. They may include education, policy change, different rates, impact fees, enhanced development review, etc. For example, based on currently approved rates, larger commercial customers pay a declining rate at two volume thresholds (\$1.90 and \$1.61 per CCF). These benchmarks could be used to add further mitigation review from the City including from the Sustainability Advisory Committee. Note that regulating water use for consumption/business purposes must follow applicable state statutes. Rates must be approved by the Public Service Commission.

Mitigation Review

The City's climate action plan entitled the Renewable Energy Action Plan (REAP) did not expressly deal with policies mitigating water use beside state code changes for gray water reuse. Water concern was not identified by the plan's steering committee or Council as a major concern when the plan was adopted in 2020. The major goal of REAP is to reduce greenhouse gas emissions by 30% by 2030 (towards carbon neutrality by 2050). Any manufacturing plant and associated transportation will be adding new emissions to the City's baseline so offsetting emissions is important. Mitigating heavy industrial use of water is covered in the Comprehensive Plan's Health Chapter (Policy 6.5). This was mostly concerned with frac sand refining plants but it does offer a strategy to assess impacts on health.

Sustainability Advisory Committee (SAC)

One of the concerns expressed was that the City's sustainability committee did not have a chance to advise Council on the water bottling plant. City Council approves SAC's work plan each year and based on the body's governing ordinance, Council would have needed to defer the project to them. If more review is desired, Council could direct so or grant the committee commission powers as it once had with a council member liaison. The committee could also be transitioned into the Plan Commission to integrate sustainability review with developments or with the Parks and Waterways Commission. The Plan Commission does have planning authority over water/sewer utilities in the Comprehensive Plan and issues like public water investments may be referred (62.23(5)).

Staffing

If Council desires to add staff support, the REAP plan noted two critical staff positions needed to advance the work of sustainability near and long term. A sustainability manager/coordinator dealing with sustainability policies/projects, climate change, and programs; and a certified energy manager (CEM) who focuses on managing building needs and energy/emissions performance (REAP references are found on pages 76 and 98). It has been suggested that funding a position(s) could come from the Water Utility with the new revenues from the plant.

A dedicated sustainability manager could immediately implement SAC's and the City's Green Team work plan along with any new water planning concerns, water treatment plant micro-grid resiliency project, and updating the Multi-Hazard Mitigation Plan. The CEM could immediately implement the City's facility condition deficiency assessment report, energy audits and emission inventories.

Attached are two job descriptions from other Wisconsin cities that recently hired sustainability managers. Green Bay's is partly funded by stormwater management fees and a 3-year grant. The current employee holds a CEM credential but finds it hard to cover both sustainability and facility management. They are the staff liaison to their sustainability committee and have been working on green infrastructure code amendments, flood resiliency, and climate action planning. The Racine position has been reopened after the first hire moved on.

CC. Scott Allen

Attachments