

# West Central Initiative



## Infrastructure Study for West Central Minnesota Communities January 2003

### EXECUTIVE REPORT

#### BACKGROUND

This study was commissioned by West Central Initiative (WCI) to estimate the current and future needs for water, wastewater, and storm sewer repair and replacement for the incorporated cities and one sanitary district within WCI's nine-county service area. The service area includes the counties of Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin and is the area designated as Minnesota's Economic Development Region IV.

As WCI gathered community input prior to updating its strategic plan, common issues surfaced for many communities. Many of those issues are related to infrastructure problems that affect quality of life, hamper development, or threaten the long-term viability of the communities. As a result, West Central Initiative became concerned about the condition of existing public infrastructure and the availability of funding for repair, upgrade and replacement.

WCI learned that no regional, state, or federal source collects or maintains information on the status of community infrastructure, or the scale of the needs. This lack of quantifiable information led WCI to commission this infrastructure study to research and analyze the existing infrastructure in their service area and the ability of communities to address their infrastructure needs.

Many of the region's communities rely on infrastructure systems that were constructed during the 1930's, often as WPA projects. Today, many of these systems and facilities have outlived their design life and are in poor repair. Communities often lack the capacity to bond for the funds to repair or replace these facilities, and WCI is frequently asked to help communities find the resources to address this challenge. WCI is not able to

finance these projects directly, since replacement of a single water tower or wastewater treatment plant would easily consume WCI's entire annual grant budget.

State and Federal agencies with funds to help pay for infrastructure work report that their backlog of applications is in the hundreds of millions of dollars in Minnesota. To address this issue, WCI believes that a coordinated public policy response is needed. This study is intended to provide information that may be used to inform community leaders and policy makers at the local, state and federal levels. This report provides an estimate of current and future needs in our communities.

This study has shown that there is a substantial, immediate infrastructure need in Greater Minnesota.



If financial and human resources are not applied to this situation, the future of many communities in Greater Minnesota will be in jeopardy.

## RESULTS

Communities in west central Minnesota are facing an \$813.5 million crisis that will impact their future. Their most basic types of infrastructure are failing, and the resources currently available to address the situation are inadequate. With many systems built in the 1930's that had an estimated design life of approximately 50 years, communities are living on borrowed time.

Many of the things we take for granted in our communities, such as running water and efficient wastewater systems, are critical to the future growth and sustainability of communities. Until there is a problem, these systems are easy to ignore; they are out of sight, and often out of mind. If individual communities ignore their infrastructure, it is easy to see why no governmental agency or organization gathers or maintains data about the collective infrastructure needs of communities.

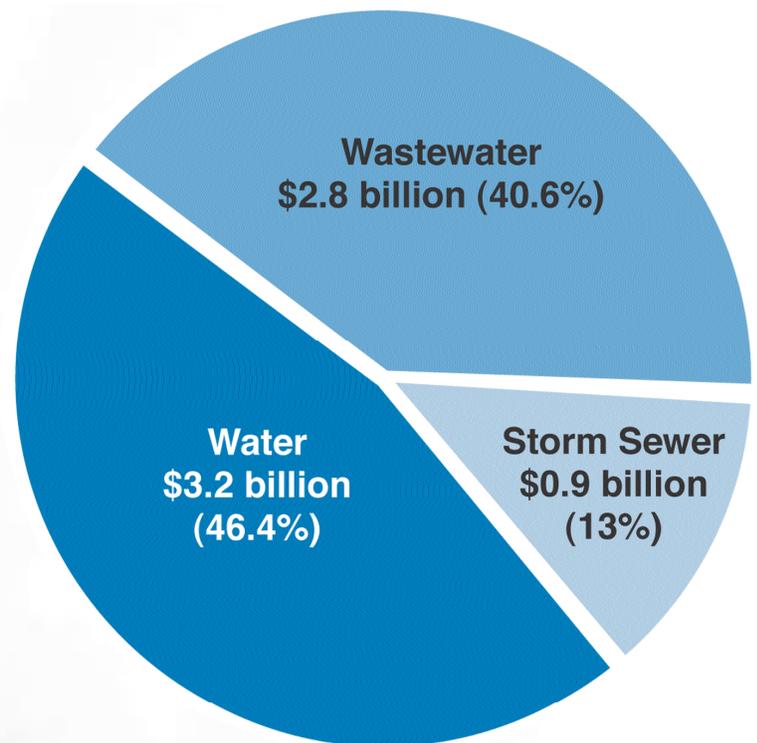
When their infrastructure fails, communities look for financing to repair, upgrade or replace it. If they are unable to fund the projects themselves, communities seek financial assistance in the form of grants and loans from state and federal agencies. Communities are surprised to find that state and federal funds are insufficient to pay for these projects, and this study shows that current funding levels would only meet about 0.4% of the estimated immediate need for Greater Minnesota.

The wait for financial assistance in any form can be several years. This situation exists, in part, because there is a lack of information collected about community infrastructure systems, which makes it difficult to plan for future needs. The results of this study show a substantial, immediate infrastructure need of \$472 million in just nine counties of west central Minnesota. Over the next 20 years, that number nearly doubles, to \$813.5 million.

There is ample evidence that this situation exists in communities throughout the state. Data from the study has been extrapolated to provide an estimate of need for all of Minnesota outside of the seven-county Minneapolis-St. Paul metro area. Total immediate statewide needs in Greater Minnesota are estimated at \$6.9 billion.

We estimate that communities can self-finance \$5.4 billion of this amount, leaving a funding gap of \$1.5 billion. State and Federal resources available annually currently average about \$30 million.

**Estimate of Immediate Statewide Need  
Broken Down by Type**



## IMPLICATIONS

The results of ignoring this situation could be disastrous:

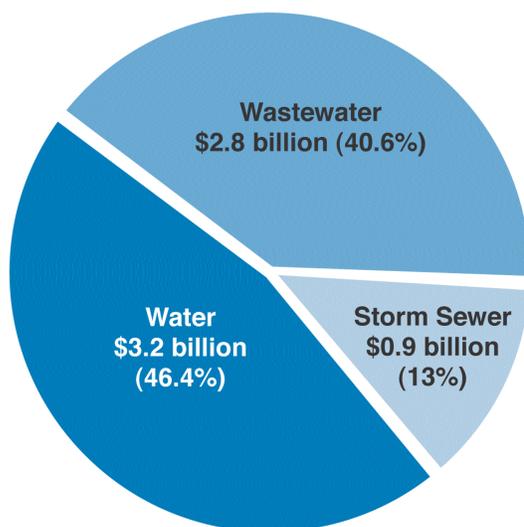
- New homes and businesses need water and sewer, and if a community is unable to offer them, they will not be able to attract new residents or businesses.
- Many communities will have limitations placed on new development if their systems are not in compliance with state regulations.
- Without funding to fill the financing gap, households in smaller communities could face a monthly bill up to \$180 for water, wastewater and storm sewer systems. Utility bills that large have a huge impact on the affordability of living in those communities, and could lead to declining property values.
- These factors combined will severely hamper the ability of our communities to sustain a high quality of life and grow into stronger communities in the future.

## RECOMMENDATIONS

A cooperative effort between local governments, state and federal funding agencies, regulatory agencies, and legislators will be needed to address the immediate needs and plan for the future. Actions that will lead to solutions include:

- Provide adequate funds to meet immediate needs for communities.
- Provide training to personnel at the local level.
- Consider alternative strategies for communities of various sizes.
- Set local utility rates at appropriate levels to meet current and future needs.
- Provide education for residents of communities about the costs of infrastructure.
- Provide permitting in context, utilizing cost benefit analysis.
- Provide infrastructure planning assistance for communities.

### Immediate Statewide Need Breakdown (Total Need = \$6.9 Billion)



## THANK YOU

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- MN Department of Health



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The full report can be found on WCI's web site at:  
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