

# Chicago's \$1 billion water deal shows Great Lakes wealth

May 2 2023, by Isis Almeida, Kim Chipman

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As American states such as California grapple with harsher and more frequent droughts, the Midwest is touting its ample water supplies to spur economic growth.

Chicago has just signed a contract valued at \$1 billion to sell its water elsewhere—the first such deal in 40 years—and the city expects more to come. Illinois is also launching a federally-funded plan to expand its \$17 billion "Blue Economy" to lure companies from water-intensive chip manufacturers to climate-tech startups.

The Great Lakes, which account for more than 80% of North America's surface fresh water supplies, are increasingly becoming a key selling point. As President Joe Biden pushes [advanced manufacturing](#) and environmentally-friendly infrastructure, the Midwest is poised for a much-needed economic boost.

"We have this water that is critical," said Alaina Harkness, executive director of Current, the nonprofit water innovation hub behind the plan. It's important not just for the region's climate and residents, but it's also a critical supply-chain component for manufacturing, food and beverage companies, data-processing and storage centers and chipmakers, she added. "Not having access to it is a risk for businesses."

Midwest cities such as Chicago have struggled with the decline in traditional manufacturing over the decades as factories moved offshore for cheaper labor and resources. Biden now wants to bring back advanced industrial and infrastructure investment—with a focus on [clean energy](#) as well as \$55 billion to improve drinking water and wastewater systems.

As a result, Illinois aims to replace its rust belt label with a clean belt economy by 2030, according to the Current report. The region has the vast amounts of water and space needed for businesses from wind farms to chip manufacturing.

"A lot of industries—be that [electric vehicles](#) or food, [life sciences](#)—they have a lot of water needs," said Michael Fassnacht, head of

World Business Chicago and the city's chief marketing officer.

"Corporations, as well, will look at climate resilience and water safety, so being next to water is a massive, massive factor."

Cities with direct access to fresh water are already looking to capitalize. Chicago Mayor Lori Lightfoot last week signed a 100-year deal to sell water to Joliet, about 50 miles inland, and its suburbs. This will make it the city's second-biggest water buyer when supplies start in 2030. The deal comes after Chicago lost some customers in recent years following [price increases](#), said Jennie Bennett, the city's chief financial officer.

"We've put the Chicago water system back in a growth position through the Joliet transaction in a really big way," Bennett said in a recent interview. "We know that having high-quality, low-cost water is very important to a lot of industries."

Chicago can offer water for less than what cities such as Detroit, New York, Houston, Philadelphia and Los Angeles can. And it's just a fraction of the price in San Francisco, according to data from the Windy City's Department of Water Management.

To be sure, the Midwest has yet to see a huge influx of businesses due to its ample water supplies. Companies also take into account other factors when choosing to relocate, but questions about water and energy supplies have increased in recent years, said Fassnacht, whose job includes luring businesses to Chicago.

There are also concerns about how to tap water as a tool for economic development without depleting the resource. Solving that issue could also be an opportunity for companies like Milwaukee-based Rockwell Automation. The company is developing solutions including using artificial intelligence to reduce the amount of energy used in water treatment.

"All of our customers are talking about it across industries," said Damon Sepe, a business development manager for Rockwell. "It's real, they have goals by 2030, 2050 that they need to hit, and our role is helping them."

Startups are also taking notice. The opportunity was attractive enough that Seyi Fabode decided to start Varuna four years ago, after leaving the power sector. The company has offices in Chicago and Austin and tracks water-related risks such as the potential for lead contamination or bursting pipes.

Most of the US's water system was built in the 1970s and 1980s. About 14% to 18% of treated potable water in the country is lost through leaks, according to a McKinsey study.

"Water was becoming the next big thing," Fabode said. "Austin had a water problem, Flint had a [water](#) problem, and I felt there was an opportunity to use my expertise."

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Citation: Chicago's \$1 billion water deal shows Great Lakes wealth (2023, May 2) retrieved 26 June 2024 from <https://phys.org/news/2023-05-chicago-billion-great-lakes-wealth.html>

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