

STIMULUS WATER RESTORATION INITIATIVE FACT SHEET



L'ALLIANCE DES VILLES
DES GRANDS LACS ET DU SAINT-LAURENT
GREAT LAKES AND ST. LAWRENCE
CITIES INITIATIVE



Overview

The governments of Canada and the U.S. are contemplating stimulus packages to accelerate our economic recovery from the impacts of the COVID-19 pandemic. The Great Lakes and St. Lawrence Cities Initiative is calling on the U.S. and Canadian federal governments to include support for critical water restoration priorities in upcoming economic stimulus legislation.

Our Ask

Invest in water infrastructure and coastal protection to accelerate economic recovery and address urgent needs in our communities. Our ask is:

- U.S. government: \$20 billion for water infrastructure and \$500 million for coastal protection to create an estimated 400,000 jobs.
- Canadian government: \$6.3 billion for water infrastructure and \$700 million for coastal protection to create an estimated 152,000 jobs.

Need for Economic Stimulus

The COVID-19 pandemic has devastated local economies across the Great Lakes and St. Lawrence region, with additional expenses and ongoing diminished revenues to municipal governments likely to further constrain public services, prolong job losses and economic damage, and slow full recovery. The cities, states and provinces surrounding the Great Lakes and St. Lawrence River have experienced some of the highest job losses of anywhere in the United States and Canada.

Economists, business leaders and elected officials recognize the need for continued economic stimulus efforts to create jobs, generate long-term economic activity and accelerate the pace of recovery, particularly in hard-hit cities. Nearly one-third of North America's economic activity is centered in the Great Lakes and St. Lawrence region, so its economic recovery can fuel the larger national economic recovery.

UNITED STATES

- Roughly 44 million U.S. workers have filed for unemployment to date and the Great Lakes states have been especially hard hit. Unemployment in five of the eight states is above the national level of 14.7%, with Michigan having the highest rate at 22.7%. Three million Canadians lost their jobs through April.
- More than 1.5 million public sector jobs have been lost in two months, mostly at the state and local levels. Low-wage workers have been hardest hit, with 40% of those earning less than \$40,000 a year losing their jobs according to a Federal Reserve survey.
- The U.S. Federal Reserve projects that the U.S. economy will contract by 6.5% this year, with unemployment remaining near 10% at the end of the year. The Congressional Budget

Office states that recovery from the current economic recession will be more difficult than the recovery from the 2008 financial crisis.

- According to one estimate, it could take more than two years for employment to return to pre-pandemic levels, and another study estimates that 42% of recent layoffs will result in permanent job losses.

CANADA

- As of April 2020, 5.5 million Canadians were on some federal support programmes.
- More than 3 million Canadians became unemployed. Ontario had an 11% unemployment rate and Quebec had a 17% unemployment rate.

Investing in Water Infrastructure

Maintaining our water infrastructure is critical for the health of local communities and our regional economy. More than nine million jobs across the binational Great Lakes and St. Lawrence region, generating \$447 billion in annual wages, are in sectors that depend on clean water infrastructure and services.

Investing in water infrastructure is one of the most cost-effective ways to stimulate economic activity, with every job added in the water and wastewater industry projected to create an additional 3.68 jobs in the national economy, and every million dollars in State Revolving Fund spending generating \$2.95 million in economic activity.

UNITED STATES

- The eight Great Lakes states have an estimated need for nearly \$200 billion over the next 20 years to maintain and upgrade drinking water, wastewater and stormwater infrastructure – nearly 30% of the national need.
- The Great Lakes states have identified more than \$12 billion in priority water infrastructure projects that are awaiting funding and are ready for implementation in 2020, including at least 39 projects in Great Lakes and St. Lawrence coastal communities that require approximately \$450 million.
- U.S. EPA reports that financing administered under the Water Infrastructure Finance and Innovation Act has created more than 15,000 jobs.

CANADA

- Insufficient funding for disaster relief programs is putting homes and businesses at risk of flooding and erosion in the Great Lakes and St. Lawrence region.
- The creation of a Canada Water Agency by the Federal Government will support communities adjusting to changing water levels across the region that are threatening billions of dollars of core infrastructure and jobs.
- As municipalities work to reduce pollution from entering Canada's fresh water supplies, the Federal Government can ensure safer drinking water, cleaner wastewater and appropriate stormwater systems are in place tomorrow while creating jobs today.

Protecting Coastal Resources

High water levels and more frequent severe weather events have resulted in historic flooding and coastal erosion in Great Lakes and St. Lawrence communities. These impacts are increasing in frequency and severity and are destroying homes, impacting municipal infrastructure and damaging businesses.

These conditions pose major challenges for Great Lakes and St. Lawrence coastal communities. While comprehensive figures are not available, a cursory review of impacts over the past year shows more than \$500 million in damages to cities on the Great Lakes and St. Lawrence River. Local governments are spending at least \$450 million to address current impacts and estimate that roughly \$865 million is needed for future planning and mitigation activities.

- Lake levels are at all-time highs. In May, all five Great Lakes were well above their long-term average levels. The U.S. Army Corps of Engineers predicts that current record-breaking high lake levels will persist until the region experiences dry conditions for up to several years.
- Climate change is projected to bring more frequent severe storm events that will compound impacts from high water levels. Already, 100-year storm events are happening every 20 years, on average.
- Flooding is a major cause of property damage in North America, with insurance losses rising to \$1 billion almost every year in Canada, and flood damages averaging \$87 billion per year over the last ten years in the U.S.
- Cities Initiative members have identified 51 projects requiring approximately \$1 billion to repair damage from, and build resilience to, coastal erosion, flooding and other impacts from high lake levels and climate change.
- In Canada, there is a need to immediately increase the Disaster Mitigation & Adaptation Fund by \$2 billion for two years.
- Today there are over 70 shovel-ready, job-creating mitigation projects with a value of over \$3 billion ready to start this construction season.
- Investments in coastal restoration and protection have high rates of job creation and return on investment. For example, investments in resilience, mitigation and ecosystem restoration are estimated to return more than \$6.00 for every \$1.00 spent and create 39 jobs per \$1 million spent. Historically, every dollar spent on flood risk management by the U.S. Army Corps of Engineers has prevented nearly \$10 in damages, and average annual flood damages prevented through U.S. Army Corps of Engineers' programs is estimated at \$87.3 billion between 2008 and 2017.