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CAC REPORT: LEAP Threatens Hoosier Water & Wallets

Project Reveals Severe Deficiencies in Water and Economic Development Policy

INDIANAPOLIS – Today, Citizens Action Coalition (“CAC”) released a report on the proposed LEAP District adjacent to Lebanon in Boone County. The LEAP project has garnered significant attention and public outcry in recent months, primarily because of the usual lack of transparency from the Indiana Economic Development Corporation (“IEDC”) regarding their plan to withdraw massive amounts of water from aquifers adjacent to the Wabash River near West Lafayette to serve the water-intensive industries IEDC is hoping will locate at the LEAP district.

CAC’s interest in LEAP was piqued by the petition filed by Citizens Water, the utility that serves Indianapolis, at the IURC on May 26th to create a new subsidiary to provide the water necessary to allow the City of Lebanon to serve the new Eli Lilly facility to be located at the LEAP district. CAC had questions around the potential for rate increases to Citizen’s ratepayers in Indianapolis to subsidize the project. Additionally, legitimate concerns were being raised about the impact to water availability and worries about water quality due to the effluents from the Eli Lilly facility potentially being discharged into the Eagle Creek reservoir.

It quickly became more than evident to CAC that the scale and scope of this project could have material and significant financial impacts and risks to utility ratepayers, including electric, gas, wastewater, and water. And Hoosier taxpayers were at risk due to the financial commitments already made by IEDC and the likely need that IEDC would have come back to the well for more. All of this on top of the questions about water availability and water quality, which were elevated after we better understood the water-intensity of the industries being lured, and the incredible volume of wastewater discharges and toxic waste that would need to be handled and dealt with at the LEAP district. CAC decided to dig-in and ask questions, as there’s much to unpack related to the LEAP district.

The only firm that has committed to locating new facilities at the LEAP district as of December 2023 is Eli Lilly, which is locating two new manufacturing facilities at the site. The IEDC is also attempting to lure a microchip manufacturer and a data center to the district, and likely others. These manufacturing facilities are extremely water intensive. According to CAC research, if each of these firms committed to the district, the amount of water they would use daily could be as much as 47 to nearly 56 million gallons per day, equivalent to the average water use of 737,000 Hoosier residents. But this voluminous amount of water is only the beginning for IEDC. The agency plans more development at LEAP that would eventually require 100 million gallons per day, equivalent to the average water use of approximately 1.3 million Hoosier residents.

Grant Smith, consultant for CAC, said, “This project was not well thought out at all. Adding to the water war precipitated by IEDC and state policy between Lebanon and Lafayette, the state has no water policy to ensure this vital resource will be available into the future. IEDC’s arrogant approach to economic development will ultimately diminish water resources, increase costs to ratepayers, and foment water wars between communities and regions. Equally detrimental to state governance, the public, by legislative design, has been cut out of IEDC’s decision-making process entirely.”

One reason for concern is that IEDC committed to the LEAP district and these water-intensive industries prior to doing any water study on the impacts locally in and around Lafayette – including on individual wells, on crop irrigation, and downstream cities and towns. The initial plans for Citizens Water to provide the water needed for Eli Lilly have fallen apart, for now, and the fate of the plans to withdraw from the aquifers near West Lafayette are in limbo as the outcry over that plan grows. As a result, Governor Holcomb recently shifted the analysis and study of that possibility to the Indiana Finance Authority (“IFA”). Disconcertingly, the state has already ignored its own water studies led by the IURC and IFA at the direction of the General Assembly that provided guidance to achieve water sustainability and water bill affordability.

In addition to the many questions surrounding water availability, it is unclear who will build, own, and operate the needed pipelines to deliver the water to LEAP from the Wabash aquifers. However, the unanswered questions don’t stop there. These industries, particularly the microchip sector, are not only water intensive but also have significant energy needs and generate enormous quantities of hazardous waste and wastewater. And importantly, the question remains unanswered about who will pay the costs for all this infrastructure. CAC suspects that captive Hoosier consumers will be forced to pick up the tab, adding to what is already a growing utility affordability crisis.

“Indiana taxpayers and ratepayers should hold onto their wallets. The scale of the LEAP district project is absolutely enormous,” stated Mr. Smith. “The IEDC has committed nearly a billion taxpayer dollars prematurely to the project, with, as far as we know, no firm commitment from the microchip manufacturer or the data center. And there’s no end in sight for continued taxpayer- and, potentially, ratepayer-funded expenditures.”

There are major unanswered questions about the LEAP district and its impacts, including:

- Who will pay for the billions in costs related to the necessary infrastructure to provide services for wastewater, water, gas, and electricity?
- Where will the power come from to serve the energy intensive industries located at LEAP?
- How will the thousands of tons of hazardous waste per year generated by the industries locating at the LEAP district be treated and disposed of?

- Where will the tens of millions of gallons of daily wastewater from the LEAP district be sent?
- How will future water availability in Indiana be impacted by IEDC plans to ship 100 million gallons per day from the Wabash Aquifer to LEAP, and what will it ultimately cost taxpayers and/or ratepayers?
- How will future water availability in Indianapolis and Hamilton County be impacted by IEDC plans to ship 10 million gallons per day from the Indianapolis region to Lilly and the City of Lebanon, and what will it ultimately cost taxpayers and/or ratepayers?

“It’s evident that the IEDC and the state put the cart before the horse,” stated Kerwin Olson, Executive Director. “We urge the state to hit the pause button and conduct a robust and transparent process with communities, the public, and all interested stakeholders to fully vet how the LEAP district will impact water availability and quality, and utility bill affordability for Hoosier communities and consumers now and in the future.”

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The report from CAC is available [here](#) and upon request.