

## Case Study

# Southwest Metro: Niagara Bottling

In 2021, Niagara Bottling approached Elko-New Market, Minnesota, a city in the southeast corner of the Southwest Metro Water Supply Planning Area, with plans to develop a water bottling facility within a 118-acre industrial park,<sup>1</sup> requiring an estimated 13 million gallons of city water per month (an amount exceeding the city of Elko-New Market's average water use of 9 million gallons per month). The bottling company would connect to the City's water system as a large water user. Using the City's 2025 industrial water use rate of \$1.37 per 1,000 gallons, revenue to the City would be over \$12,000 per month plus tax revenue. This format of approaching the City directly for an agreement effectively bypasses the MN DNR Water Appropriation Permit Program that a stand-alone water appropriator would have to file that would require regulatory review and public processes.<sup>2</sup> In this case, the public was made aware of this development plan when a portion of the planned construction required a conditional use permit. The public was concerned about the increase in city water use and the impact on their regional water resources and adjacent private wells.

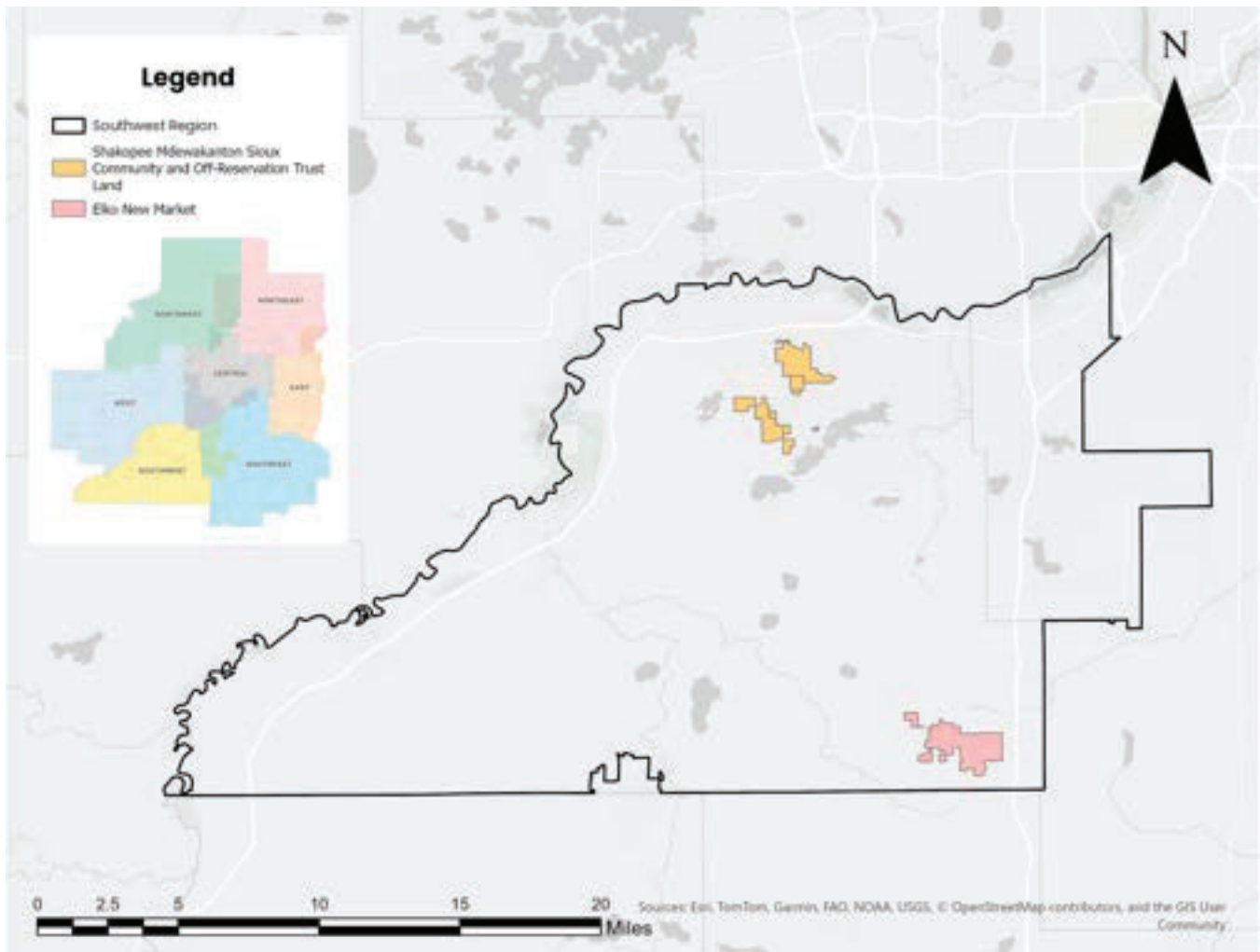
No to Niagara, a citizens group, collected data to support concerns over water quality and quantity changes to the regional aquifer. This data was used to request environmental review, which, after a prolonged period of mounting public pressure, resulted in a lengthy aquifer pump test by the designated state agency. The citizens group hosted two clinics for screening private well water quality. Pump test results were used in conditions for the City's water permit and private litigation. In this instance, community advocates revealed policy gaps in the approval process and influenced the development of a more comprehensive permit evaluation process.

The project's timeline started in 2020, when Elko-New Market's Economic Development Board began exploring options for addressing ongoing challenges in funding the water system, and large water users were explored as a solution. Niagara Bottling was incentivized to come to Minnesota and Elko New Market by both the city and state. Minnesota's Department of Employment and Economic Development and the City of Elko-New Market offered Niagara \$4.3 million in waived fees, forgivable loans, and tax rebates.

The city signed a non-disclosure agreement (NDA) with Niagara Bottling in 2022. NDAs are a common tool that provide expediency, preserve competitiveness, but limit transparency.<sup>3</sup> In October 2022, Bring Me The News published an article capturing the attention of the public, which resulted in a petition signed by 400 people as part of an [Environmental Assessment Worksheet](#) (EAW) submitted to Minnesota's Environmental Quality Board who assigns the appropriate agency to determine

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- 1 "Elko New Market," Niagara bottling, accessed March 17, 2025, <https://www.niagarawater.com/about-us/elkonewmarket/>.
  - 2 "Water Appropriation Permit Program." Minnesota Department of Natural Resources, June 13, 2024. [https://www.dnr.state.mn.us/waters/watermgmt\\_section/appropriations/index.html](https://www.dnr.state.mn.us/waters/watermgmt_section/appropriations/index.html).
  - 3 Eva Herscowitz, "Farmington Residents Couldn't Get Answer about a Proposed Data Center. Then They Saw the NDA.," MSN, January 9, 2025, <https://www.msn.com/en-us/news/us/farmington-residents-couldn-t-get-answers-about-a-proposed-data-center-then-they-saw-the-nda/ar-BB1ra0RI>.

if an Environmental Impact Statement (EIS) is required.<sup>4</sup> In this case, the Minnesota DNR was the designated agency, and they determined that an EIS was not needed, however, they eventually did require and administer a 6-week aquifer pump test.



**Figure 1. The Metropolitan Council's Southwest Metro Water Supply Planning Area**

With the location of the SMSC, SMSC off-reservation trust land, and city of Elko New Market. Data sourced and adapted from ESRI, U.S. Census, and Metropolitan Council.

<sup>4</sup> Schuster, Christine. "A Massive Bottling Plant Could Be Coming to the Southern Twin Cities." Bring Me The News, October 7, 2022. <https://bringmethenews.com/minnesota-business/a-massive-bottling-plant-could-be-coming-to-the-southern-twin-cities>.

A pump test yields critical information about the capacity of the aquifer to provide the required water without impacting surrounding wells. A number of those wells were used to monitor for water-level drawdown during the test. Broader communication about the timing, duration and potential impact of a pump test is not part of the DNR methodology. However, community members within a 5-mile radius of the test reported changes to their water quality during the test, with significant and costly impacts. Others who found out about the test after it had been completed recognized that the changes they had been experiencing were linked to the testing period; many reported ongoing issues with their private wells that persisted for up to 6 months. In all, over 75 private well owners reported water quality issues and three reported water quantity issues.

These reports raised concerns from citizens about how they would be protected if issues were to arise when Niagara started full operations, and the city increased their groundwater pumping. This also prompted questions about the practice of conducting a pump test without public awareness. In response, although the DNR proceeded to issue the permit, they did so only after significant consultation with drinking water and public health experts on what had potentially caused the mobilization of harmful geologic constituents (manganese and iron) and added conditions to the permit that would require the City of Elko New Market to create a response plan impacted well owners. Niagara Bottling built their plant in the proposed location, but the City must investigate water quality issues within two miles and water quantity issues within one mile of the City wells. Well owners experiencing problems outside of these areas need to report problems directly to the MN DNR who will decide if further investigation is warranted.

In December of 2024, at the request of the citizens group, a second well-testing clinic was hosted by the Minnesota Well Owners Organization ([MNWOO](#)) and the Minnesota Ground Water Association ([MGWA](#)) in advance of pumping by Niagara Water Bottling's completion. Volunteers staffed "ask a geologist" tables to consult with well owners. Local organizers promoted and worked at the event and supported it with independent funding. Over 220 samples were run with most people agreeing for their data to be released to establish baseline water quality values.

No to Niagara convened citizens to challenge, under law, the DNR and later the City of Elko New Market on their decision to approve the water bottling plant. As part of their efforts, No to Niagara developed a set of issues to capture their concerns. These issues are:

- **The regional approach to groundwater management is lacking** in protection of surface waters, rare fens, trout streams, wetlands and lakes that are connected to the groundwater; preservation of water for future use, prioritizing drinking water over other use; guards against emerging pollutants like PFAS, nitrates, pesticides, and other carcinogens; and equitable management of groundwater for everyone's interests in the region (i.e., multiple cities in the region exceed their water appropriation permits, agency not considering totality of water use for the region)
- **Industrial large water users requesting water from municipalities** prioritizes industrial use over municipal and private well use, avoids responsibility (i.e., municipality on the hook for issues), and offers less scrutiny by the agencies of a municipal permit.
- **Exporting water out of state in tiny bottles for profit removes water from the region**, which would be denied if it were done in bulk but appears acceptable when done as a single use. The process used requires 2.4 billion water bottles a year, of which very few are recycled.

- **State and Local subsidies being used to fund this for-profit company.**
- **An aquifer pump test that resulted in 75 private well-owner reports of water quality issues and 3 reports of water quantity issues** was completed with no notification to the wider community.
- **Investigation into the cause of manganese increases, a neurotoxin, in private domestic wells is warranted.** The permit made the city responsible for water issues that arise within a 2-mile radius rather than denying the permit, but the burden of proof is on the well owner.

Even now, so much about the legal pathway to participation remains unclear. While many local leaders and knowledge keepers were able to navigate the decision-making process, many citizens and decision makers were not aware of the consequences of a bottling plant in their region. As a result, information gaps remain and questions are unanswered about how action will be taken to repair harm if it does occur, and what will take priority if those issues do arise.