



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

**SB1444**

Introduced 1/31/2025, by Sen. Michael E. Hastings

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Chicago Water Contracts Transparency Study Act. Provides that the Commission on Government Forecasting and Accountability shall commission an independent study on the City of Chicago's water contracts with distributing municipalities, including detailed information on the agreements and costs associated with those agreements. Provides that the study shall also assess the potential cost impacts of establishing an alternative stream of water distribution, such as through the creation of a Southwest Water Authority or similar entity. Provides that the Commission shall hold at least 2 public hearings to solicit input from municipal representatives, water industry experts, and other stakeholders and include any relevant information resulting from those hearings in the study. Provides that the Commission shall complete the study and submit a report that includes an executive summary, detailed findings, and any recommendations resulting from the study to the General Assembly and the Governor no later than one year after the effective date of the Act. Effective immediately.

LRB104 08135 SPS 18181 b

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Chicago Water Contracts Transparency Study Act.

6 Section 5. Purpose. The purpose of this Act is to direct  
7 the Commission on Government Forecasting and Accountability to  
8 commission a comprehensive study on the City of Chicago's  
9 water contracts with distributing municipalities. This study  
10 shall include detailed information on the agreements, charges,  
11 past infrastructure costs, future infrastructure costs, and  
12 fee increases and shall provide transparency concerning water  
13 distribution agreements within this State. The study shall  
14 also assess the potential cost impacts of establishing an  
15 alternative stream of water distribution, such as through the  
16 creation of a Southwest Water Authority or similar entity.

17 Section 10. Study commissioned.

18 (a) The Commission on Government Forecasting and  
19 Accountability shall commission an independent study to:

20 (1) identify and catalog all existing water contracts  
21 the City of Chicago has with municipalities that  
22 distribute water from the City of Chicago's water supply;

1           (2) articulate the amount of money charged by the City  
2           of Chicago for the provision of water to these  
3           distributing municipalities, including an analysis of any  
4           pass-through contracts or agreements these municipalities  
5           may have with other municipalities;

6           (3) analyze historical trends in the charges and fee  
7           increases associated with these water contracts, including  
8           but not limited to:

9                   (A) the percentage increases in charges over the  
10                  previous 10 years;

11                   (B) the specific reasons for any fee increases;  
12                  and

13                   (C) an overview of how those increases have  
14                  impacted municipal budgets and water customers;

15           (4) review past infrastructure costs related to water  
16           treatment and distribution to these municipalities and  
17           estimate future infrastructure costs needed to maintain or  
18           improve water delivery systems, including projected costs  
19           for upgrades, maintenance, and necessary capital  
20           improvements;

21           (5) provide recommendations for improving  
22           transparency, accountability, and equitable pricing in the  
23           future water contracts between the City of Chicago and  
24           distributing municipalities; and

25           (6) assess the potential cost impacts and benefits of  
26           establishing an alternative stream of water distribution

1 to the distributing municipalities, such as through the  
2 creation of a Southwest Water Authority or similar entity.

3 (b) The study shall include a detailed examination of the  
4 following:

5 (1) Infrastructure and capital investment. The study  
6 shall evaluate the initial capital investment required to  
7 develop and construct an alternative water distribution  
8 system, including the construction of treatment plants,  
9 pipelines, reservoirs, and any necessary infrastructure to  
10 support water delivery. The study shall also consider the  
11 timeline for such development and the long-term  
12 maintenance and operational needs.

13 (2) Operational and maintenance costs. The study shall  
14 analyze the annual operating costs associated with the  
15 establishment and ongoing management of a new water  
16 distribution entity, including staffing, energy,  
17 maintenance, and administrative overhead. The study shall  
18 also compare these costs to the current expenditures  
19 related to water distribution through the City of Chicago,  
20 including any hidden or indirect costs borne by  
21 municipalities.

22 (3) Impact on existing contracts. The study shall  
23 examine how the introduction of a new water distribution  
24 authority might affect the terms and financial obligations  
25 of current water contracts between the City of Chicago and  
26 municipalities. The study shall specifically assess

1           whether municipalities could potentially reduce reliance  
2           on the City of Chicago for water, renegotiate existing  
3           contracts, or seek alternative supply sources, and how  
4           this would affect the pricing structure and stability of  
5           the current system.

6           (4) Cost to municipalities and ratepayers. The study  
7           shall project the potential cost impact on municipalities  
8           and their residents if an alternative water distribution  
9           system were implemented. The study shall also include  
10          short-term and long-term price projections for water  
11          rates, including any potential savings or increased costs  
12          to municipalities and their customers and the financial  
13          feasibility of transitioning to such a system.

14          (5) Environmental and regulatory considerations. The  
15          study shall assess any environmental impacts associated  
16          with building a new water distribution system, including  
17          water sourcing, treatment processes, and the  
18          sustainability of the proposed alternative water supply.  
19          The study shall include any considerations of compliance  
20          with State and federal regulations and any potential  
21          environmental challenges, such as water quality or access  
22          issues.

23          (6) Market competition and reliability. The study  
24          shall analyze how the establishment of a Southwest Water  
25          Authority or similar entity could introduce competition  
26          into the water market, potentially benefiting

1 municipalities by offering more competitive pricing and  
2 reliable service options. The study shall also assess  
3 whether the introduction of competition could lead to  
4 innovation, greater efficiency, or better service quality.

5 (7) Feasibility study of water sources. The study  
6 shall evaluate alternative water sources available to the  
7 proposed new authority, including the feasibility of  
8 obtaining water from new sources, such as rivers, lakes,  
9 or groundwater, that could be used to supply the new water  
10 distribution entity. The study shall also consider the  
11 potential risks and benefits of these sources compared to  
12 the current reliance on the City of Chicago's water  
13 supply.

14 (8) Regional and statewide implications. The study  
15 shall analyze the broader impact of establishing an  
16 alternative water distribution system on regional and  
17 statewide water management strategies. The study shall  
18 also assess how the creation of an alternative authority  
19 would influence overall water resource planning,  
20 coordination among municipalities, and alignment with  
21 State water management goals.

22 (9) Potential for public-private partnerships. The  
23 study shall explore the possibility of engaging  
24 public-private partnerships to fund, build, and operate  
25 the new water distribution system. The study shall also  
26 evaluate the potential advantages and risks associated

1 with such partnerships, including the potential for  
2 greater efficiency, cost-sharing, and infrastructure  
3 investment.

4 (10) Municipal wells and local infrastructure. The  
5 study shall examine the following:

6 (A) State of infrastructure. The study shall  
7 assess the condition of municipal wells used by  
8 municipalities that do not solely rely on the City of  
9 Chicago for water supply. The study shall include an  
10 evaluation of existing well infrastructure, such as  
11 pump systems, pipelines, storage tanks, treatment  
12 facilities, maintenance needs, and associated costs  
13 for repairs or upgrades.

14 (B) Wells expiring and costs of replacement. The  
15 study shall catalog the expiration or decommissioning  
16 dates of wells in municipalities using wells as a  
17 primary or supplementary water source, including the  
18 age of the wells, expected lifespans, and projected  
19 decommissioning timelines. The study shall also  
20 evaluate the costs associated with replacing or  
21 upgrading these wells, including drilling new wells,  
22 expanding storage capacity, and upgrading treatment  
23 systems to meet modern standards and regulatory  
24 requirements.

25 (C) Costs of infrastructure improvements. The  
26 study shall examine the costs of necessary

1 infrastructure improvements in municipalities with  
2 aging or inadequate water infrastructure, including  
3 system-wide assessments, repairs, expansions, or full  
4 replacements. The study shall project the funding  
5 required to bring the infrastructure up to code,  
6 maintain system reliability, and ensure the  
7 sustainability of local water supplies.

8 (D) Impacts of wells on overall water cost. The  
9 study shall consider the financial impacts on  
10 municipalities' water costs, including any savings or  
11 increases that could result from relying on well water  
12 versus purchasing water from the City of Chicago or an  
13 alternative distribution authority. The study shall  
14 include energy costs, maintenance of infrastructure,  
15 and the long-term sustainability of groundwater  
16 resources in making this consideration.

17 Section 15. Public hearings. The Commission on Government  
18 Forecasting and Accountability shall hold at least 2 public  
19 hearings to solicit input from municipal representatives,  
20 water industry experts, and other stakeholders and include any  
21 relevant information resulting from those hearings in the  
22 study.

23 Section 20. Reporting requirements. The Commission on  
24 Government Forecasting and Accountability shall complete the

1 study and submit a report that includes an executive summary,  
2 detailed findings, and any recommendations resulting from the  
3 study to the General Assembly and the Governor no later than  
4 one year after the effective date of this Act.

5 Section 99. Effective date. This Act takes effect upon  
6 becoming law.