

CIVIC FEDERATION REPORT



October 1, 2025

Divided Waters: Addressing the Fragmentation of Water Governance in Northeastern Illinois

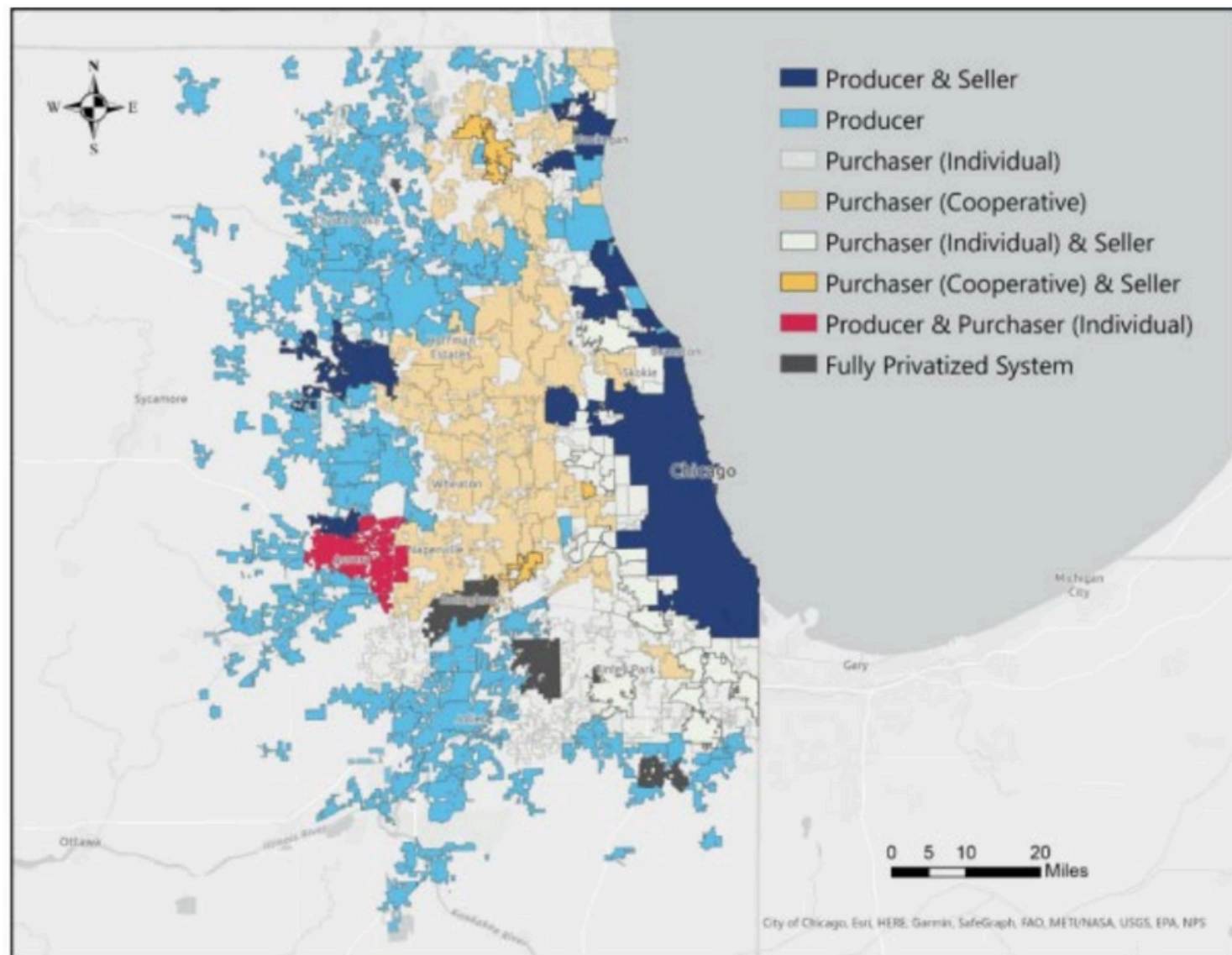




About the Report

- More than 5.5 million residents in northeastern Illinois depend on Lake Michigan for drinking water, yet the system is fragmented across 284 municipalities in seven counties with little coordination.
- This patchwork governance leads to inequities, with neighboring communities paying vastly different rates for the same resource, disproportionately burdening lower-income residents.
- The Illinois Department of Natural Resources regulates water use and infrastructure permits but lacks authority over pricing or service delivery, leaving municipalities to negotiate agreements in isolation.
- Illinois should move beyond piecemeal reforms and adopt a coordinated, bold strategy to ensure fair, efficient, and sustainable water access.

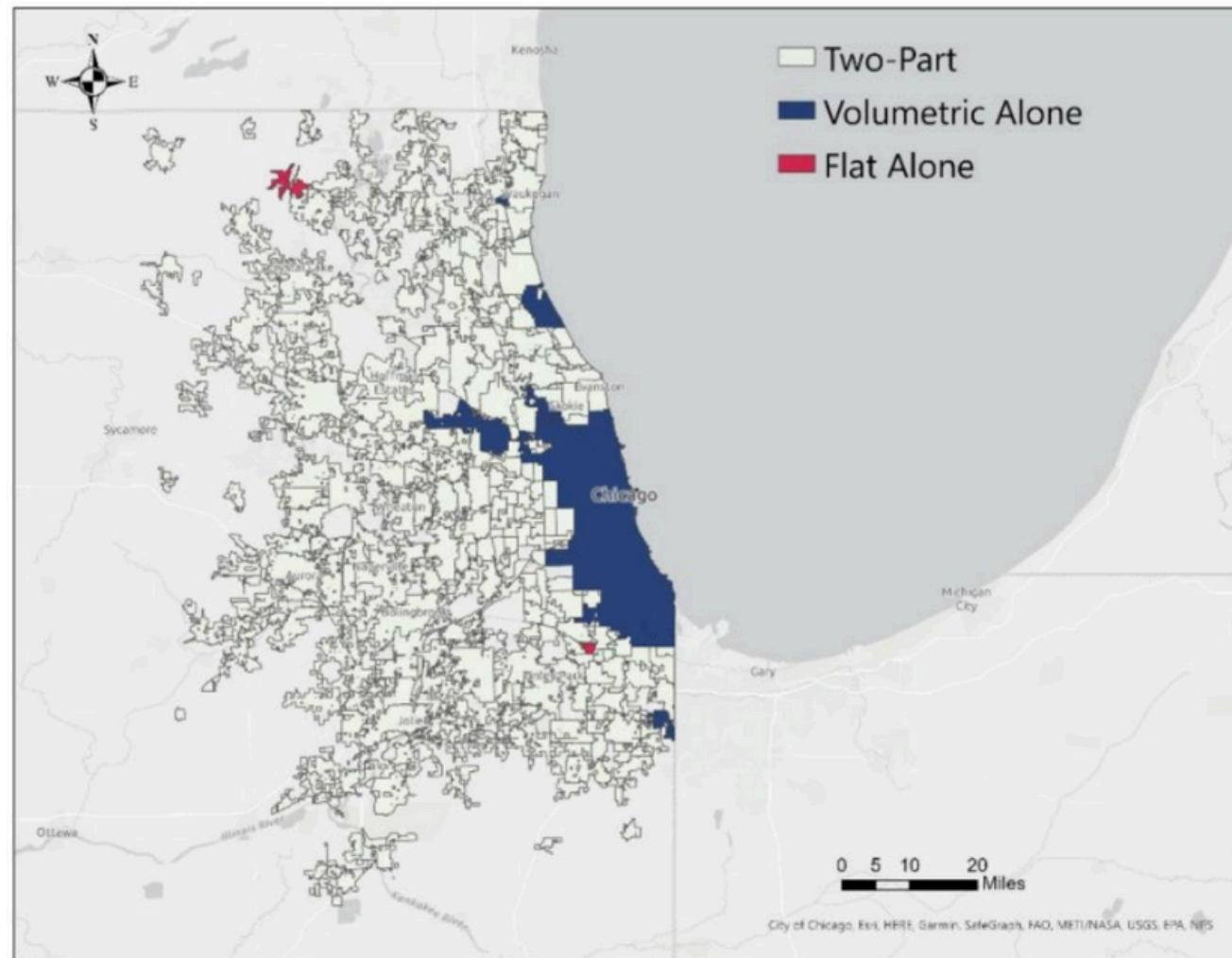




Source: Deborah A. Carroll et al., [Water Rate Setting in the Lake Michigan Service Area](#), Government Finance Research Center, University of Illinois at Chicago (June 2023).

The 160 municipalities that rely on Lake Michigan for water either directly purchase from one of the twelve producers in an independent purchase agreement, or purchase from a reseller (i.e., another entity that has purchased water from a producer and is now reselling).



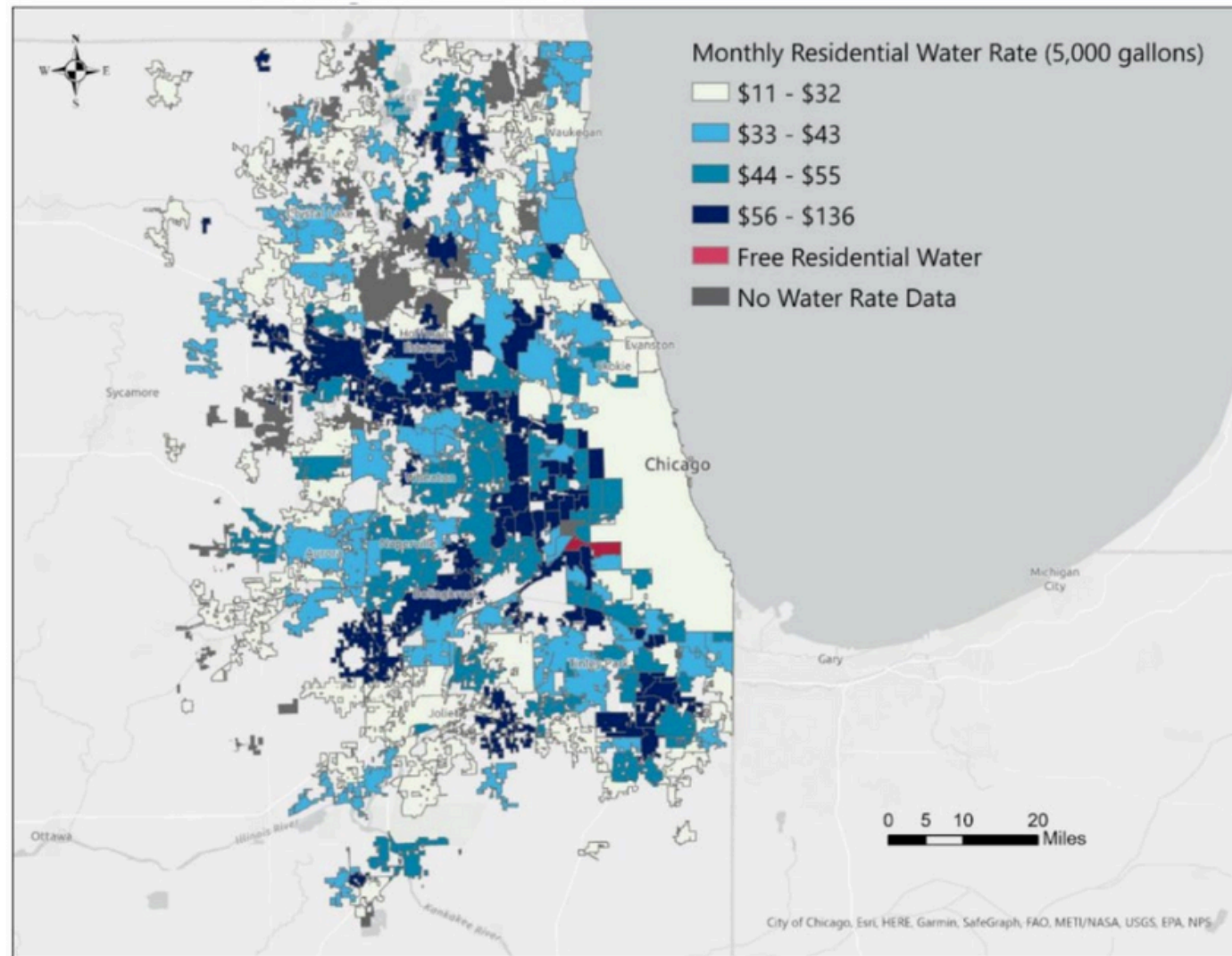


Source: Deborah A. Carroll et al., [Water Rate Setting in the Lake Michigan Service Area](#), Government Finance Research Center, University of Illinois at Chicago (June 2023).

Water utilities in northeastern Illinois employ different methods to distribute administrative costs and recover fixed capital expenses.

They do so by charging their residents water bills under one of three different rate-setting systems: flat-rate pricing, volumetric-rate pricing, and combined-rate pricing. Each has different impacts on efficiency, cost-recovery, and equity.





Source: Deborah A. Carroll et al., [Water Rate Setting in the Lake Michigan Service Area](#), Government Finance Research Center, University of Illinois at Chicago (June 2023).

A standardized water bill for 2021.

Because each municipality independently sets its own water-pricing structure, the region's decentralized system perpetuates a patchwork of pricing across the region.



Structural Challenges in Current Water Governance System

Lack of centralized regulatory oversight

Limited financial and strategic state support

Limited capacity of smaller municipalities





The Path Forward

- The challenges in northeastern Illinois' water governance system are multifaceted, deeply rooted in historical fragmentation, and exacerbated by a lack of centralized coordination and transparency around rate-setting.
- As the region struggles with rising water costs, infrastructure decay, and uneven access to resources, the need for a comprehensive, region-wide solution has never been more urgent.
- Multiple frameworks, including the lessons from Wisconsin, Indianapolis, and Ohio, offer valuable insights into how Illinois might address these long-standing issues while being mindful of local political realities, resource constraints, and capacity disparities.

Want to learn more?



Read the full report at CivicFed.org

