



CITY OF FARMINGTON WATER SYSTEM ACQUISITION

The sale of the City of Farmington’s water system to Illinois American Water made good sense for customers and the community.



CITY OF FARMINGTON

The City of Farmington, located 30 miles west of Peoria in Fulton County, provided water service to a population of 2,295 through 1,060 customer connections. Recognizing growing challenges with managing aging infrastructure and limited financial flexibility, Farmington’s leadership took a proactive approach to secure a sustainable future for its water utility system and its residents. Just eight miles from Illinois American Water’s existing infrastructure in Hanna City, exploring a partnership made good sense for the city.

CHALLENGES

- **Rates:** The existing system was operating at a financial disadvantage. Under the existing rate structure, revenues were insufficient to fund needed improvements.
- **Regulatory:** City leaders expressed a desire to exit direct operation of the water system and were looking for the best option for the future of the systems.
- **Financial:** City officials were concerned about retiring outstanding debt in the community. In addition, they were looking to invest capital for other community needs.

SOLUTION THROUGH PARTNERSHIP

The City chose to issue a Request for Proposal (RFP) to sell its assets and relieve their operational responsibilities. Through the RFP process, Illinois American Water was selected by the City as the best long-term solution provider for its residents - offering the expertise, resources, and commitment needed to deliver reliable water service.

LONG-TERM INVESTMENTS IN INFRASTRUCTURE

- **Financial:** The City received \$3.75 million for its water assets upon regulatory approval and at close of sale. Proceeds from the sale allowed the city to eliminate outstanding bond debt tied to the water system and free up future budget capacity.
- **Investment:** Since completing the purchase in 2018, Illinois American Water has invested \$7.85 million in the Farmington water system including more than \$2.65 million in maintenance to the clear wells and elevated tanks as well as \$4.1 million on water main replacement projects by the end of 2025. Illinois American Water expects to invest an additional \$2.3 million over the next five years.
- **Operational:** Following the purchase, the City’s water system was fully integrated into Illinois American Water’s Peoria District which includes a highly-trained and professional staff of over 80 personnel in operations, engineering and customer support.

ILLINOIS AMERICAN WATER’S INVESTMENTS IN FARMINGTON

Year	Investment
2020	\$2.39 million
2021	\$2.95 million
2022	\$1.47 million
2023	\$0.32 million
2024	\$0.72 million
Total	\$7.85 million