


<b>FROM</b>	NAME & TITLE	David E. Scott, Acting Director	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Municipal Building		
	SUBJECT	<b>CITY COUNCIL BILL 08-0068</b>		

DATE: April 22, 2008

**TO**

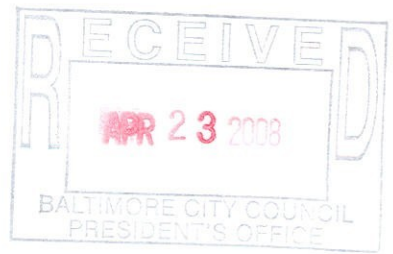
The Honorable President and Members  
of the Baltimore City Council  
c/o Karen Randle  
Room 400 - City Hall

I am herein reporting on City Council Bill 08-0068 introduced by Council Members Young, Branch, Henry, Holton, Welch, Clarke, D'Adamo, Middleton, Reisinger, Cole, Conaway, Kraft, Spector, and President Rawlings Blake.

The purpose of the Bill is to toll the accrual of certain penalties while payments are being made timely under an agreed-to payment schedule; correct, clarify, and conform certain language; and generally relating to the assessment and collection of charges for water and sewer services.

Articles 24 and 25 of the Baltimore City Code (Edition 2000) provide for the collection of metered water and sewer charges from customers of the City's water and wastewater systems. These systems are established as enterprise funds, are self-sustaining, and must be operated without profit or loss to other funds or programs of the City. In 2005, the lead sponsor of this legislation introduced an ordinance (CCB 05-0084 and later, CCB 07-0626) to preclude the City from foreclosing on residential property solely to satisfy water or sewer service charges. The ordinance attempted to address the potential for low-income and senior citizens losing their homes through foreclosure for reasons other than property taxes. Similar concerns were raised by the City's State Delegation in Annapolis. Recognizing the City's need to collect what it is owed, the processes for imposing and collecting liens were examined to identify ways to improve information, notification, and remedies for the circumstances surrounding lien imposition and recovery. Achieving these changes requires adjusting internal processes and policies and amending local and State law. In response to these concerns, the following actions occurred through internal agency cooperation and a special Mayor's working group that examined the water turn-off policy, tax sale triggering mechanisms, costs associated with property redemptions, and other efficiencies or means to reduce the number of properties sent to tax sale.

*F/A*



### Administrative and policy changes

- *A New water turn-off policy* lowers the service turn-off threshold from \$500 to \$250 (including tenant occupied properties) to allow for earlier interventions before delinquent payments become unmanageable. All delinquent and turn-off notices will be sent to tenant and property owner alike. The Departments of Health, Housing and Community Development and the Commission on Aging and Retirement Education will provide outreach to these households if water service is not restored within 48 hours (approved by the Board of Estimates April 16, 2008; effective May 1, 2008).
- *Tax sale listings* are prepared by Council District and copies are provided to Council members.
- *An Assistance Flowchart* was developed as a guide for City customer service and call centers to direct callers to potential assistance with tax sale and related issues. Guiding callers to available assistance programs may help lessen financial pressures for eligible citizens (ready for distribution).
- *A Senior Citizen brochure* for senior homeowners alerts readers to municipal liens and the potential for unpaid liens to be sold at tax sale (to be available soon).

### Special programs

- *A New Low Income Senior Citizens Discount policy* of 30% on water and sewer rates will be available to persons 65 and older who are City residents and whose household income does not exceed \$25,000 (approved by the Board of Estimates on April 16, 2008; effective May 1, 2008).
- *A Water Low-Income Assistance Crisis Intervention Grant* replaces the Low Income Water Assistance Program and provides a \$125 billing credit for City residents who are in arrears and meet certain eligibility requirements. The program includes tenants who are responsible for water and sewer bills and is available at the point of delinquent notice, rather than at turn-off (approved by the Board of Estimates on April 16, 2008; effective May 1, 2008).
- *The Bay Restoration Fund Hardship Exemption Plan* exempts certain City residents from paying the Bay Restoration Fee (Flush Tax) of \$7.50 per quarter (\$30/year) because of an established substantial financial hardship (approved by the Board of Estimates and the State of Maryland in 2005).

### State law

- The Maryland General Assembly just approved *House Bill 1211*, an emergency bill that increases the threshold for including a property in tax sale from a minimum lien of \$100 to a minimum lien of \$250. If a property does go to tax sale and the liens are purchased, this Bill caps the amount of fees and expenses that a tax sale purchaser can charge the property owner at time of redemption (becomes law on date of Governor's signature).

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*City Council Bill 08-0068*, if approved, would codify the ability of a customer to enter into a payment agreement acceptable to the Director of Finance and, while making timely payments, not accrue quarterly penalty charges and, where appropriate, have water service turn-off restored. This proposed revision of the Code will provide customers with an opportunity to gain control of and retire their debts to the City without additional penalties accruing and adding to their lien burden. This legislative approach is a reasonable and effective means to reduce the likelihood of properties going to tax sale, while respecting the City's need to collect its liens. However, the Bill needs to be amended to reactivate penalties should a payment schedule not be adhered to, and to change the effective date of the ordinance to the date of its enactment (amendments attached).

Based on these findings, the Department of Public Works supports passage of City Council Bill 08-0068 as proposed to be amended.



DAVID E. SCOTT  
ACTING DIRECTOR

DES/MMC:pat

Attachment

ATTACHMENT  
CITY COUNCIL BILL 08-0068  
PROPOSED AMENDMENTS

**Amendment No. 1**

Beginning on line 5, page 1, insert the phrase “providing for a special effective date” so that it reads:

“FOR the purpose of tolling the accrual of certain penalties while payments are being made timely under an agreed-to payment schedule; correcting, clarifying, and conforming certain language; providing for a special effective date; and generally relating to the assessment and collection of charges for water and sewer services.”

**Amendment No. 2**

Beginning on line 24, page 2, add the following:

**§ 4-5. PAYMENT SCHEDULE.**

(A)IF A PERSON RESPONSIBLE FOR PAYING A WATER BILL ENTERS INTO A PAYMENT AGREEMENT ACCEPTABLE TO THE DIRECTOR OF FINANCE, THEN WHILE THE PERSON IS MAKING TIMELY PAYMENTS IN ACCORD WITH THE AGREED-TO SCHEDULE:

- (1) THE QUARTERLY PENALTY IMPOSED UNDER 4-2(C) {METERED WATER CHARGES: PENALTIES} OF THIS SUBTITLE DOES NOT ACCRUE; AND
- (2) SERVICE THAT HAS BEEN TURNED-OFF MAY BE RESTORED.

(B)IF PAYMENT IS MISSED AND THE PAYMENT AGREEMENT IS DECLARED TO BE BREACHED, THE SUSPENDED PENALTY SHALL BE REINSTATED AND ALL SUBSEQUENT PENALTIES SHALL CONTINUE TO ACCRUE.

**Amendment No. 3**

Beginning on line 21, page 3, delete the words “the 30<sup>th</sup> day after” so that it reads:

**Section 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30<sup>th</sup> ~~day after~~ the date it is enacted.