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FROM	NAME & TITLE	Stephen M. Kraus, Chief and Clerk to the Board of Finance
	AGENCY NAME & ADDRESS	Bureau of Treasury Management 200 Holliday Street, Room 7
	SUBJECT	CCB 11-0637 Water Projects

CITY of
BALTIMORE
MEMO



TO

DATE: February 1, 2011

Honorable President and Members of the City Council
Attention: Karen Randle, Executive Secretary
Room 409, City Hall

City Council Bill Number 11-0637, Water Projects – Maximum Principal Amount, is intended to increase the maximum principal amount of revenue bonds to be issued for the Water Utility System from \$585,000,000 to \$1,017,000,000. The requested increase will permit the funding of new Capital Improvement Program projects for the Water Utility through FY 2016. The Department of Finance last submitted an increase with Ordinance 07-420 which was subsequently enacted on May 1, 2007.

The bonds to be issued under this authorization include improvements for water treatment and water distribution. All of the projects shall be in the Capital Improvement Program and part of the annual capital budget process, and include approvals by the Board of Finance, the Board of Estimates, and the City Council. This debt shall be an obligation of the Water Utility System and will not constitute a general obligation of the City.

The financial model developed by the City and our financial advisor indicates these debt levels are affordable and expected to remain within the planned 9% annual increases in Water rates. Without the requested increase in the outstanding debt limit, the Water Utility System is projected to run out authorization this year.

The Finance Department recommends favorable consideration and passage of this legislation.

cc: Edward J. Gallagher
Angela Gibson

