


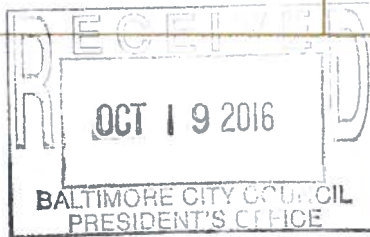
*AKC*, Deputy, for:

<b>FROM</b>	NAME & TITLE	Andrew Kleine, Chief	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4941		
	SUBJECT	City Council Bill #16-0307R Water Affordability		

**TO**

The Honorable President and  
Members of the City Council  
Room 400, City Hall

Attention: Ms. Natawna Austin



DATE: October 19, 2016

City Council Bill 16-0307R asks the Department of Public Works (DPW), Finance, and independent experts to come together to discuss the burden of water bills on low-income households, senior citizens, and tenants, and to discuss a more equitable rate structure and affordability program.

Since 2013, Baltimore City water and sewer rates have risen 42%, and since 2008, water and sewer rates have doubled. On August 31, 2016 the Board of Estimates approved another increase in water and sewer rates; however it also changed the fee structure. Before the most recent rate increase, the City had a declining block rate structure for water service, meaning that high-volume commercial customers paid a lower average rate than households. This has now changed to a flat rate, where users pay the same rate, regardless of quantity used. What has also changed is the addition of a fixed management fee as overhead, as well as an infrastructure fee that is meant, in part, to help the City proactively budget and pay for capital maintenance and improvements to the City drinking water and wastewater infrastructure. With declining federal and state support, water and sewage rates will continue to increase to pay for repairs and upgrades. However, DPW does offer three programs for Baltimore City customer relief, two of which were improved in the recent rate increase:

**Senior Citizen Water Bill Assistance Program**

- Old: Before the most recent rate increase, senior homeowners and tenants making \$25,000 or less could apply for a 39% discount (pegged to utility rates) on their *quarterly* water bill
- New: Income limit has been raised to \$30,000 or less, and the discount has been raised to 43% applied to their *monthly* bill.

**Low-Income Water Bill Assistance Program**

- Old: A one-time credit of \$179 (pegged to rate increases) to qualifying low-income homeowners and tenants who are delinquent on their bills. Credit is applied to delinquent bill, after which customer must pay half of the remaining balance upfront and spread the rest over a 12-month payment plan.
- New: The pegged credit rose to \$197, and—as of October 11, 2016—DPW created more flexible payment plan options.

**Hardship Exemption Program**

(Storm Water Remediation Fee & Chesapeake Bay Restoration Fee)

- Current: Initiated in Fiscal Year 2016, this program allows qualifying homeowners and tenants to receive an exemption from paying the storm water fee and bay restoration fee, which also appear on the water and sewage bill.

*Comments*

These assistance program changes also come on the heels of the October 11, 2016 change to a monthly billing system for water and wastewater. The shift from quarterly to monthly billing is expected to better match the cash flow of low-income households, thereby reducing delinquency.

The Department of Finance will be prepared to answer any additional questions on this matter.

cc: Henry Raymond  
Angela Gibson