

*Andrew Kleine*

<b>FROM</b>	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410 396-4941)
	SUBJECT	City Council Bill #09-0413 – Water and Sewer Rates

CITY of  
BALTIMORE  
**MEMO**



**TO**

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

DATE:  
September 16, 2010

Attention: Ms. Karen Randle

This bill would require that water and sewer rates and charges for domestic users be based exclusively on the amount of water consumer by the user. The bill would not allow for any periodic minimum charge to be applied to domestic users, as is done under current practice. The bill also makes minor changes to conforming related language.

The Finance Department opposes this bill for both financial viability and cost allocation reasons.

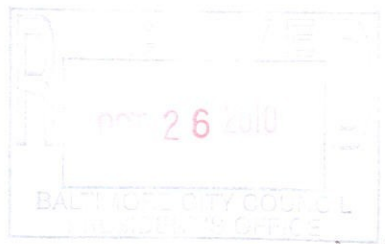
First, eliminating the ability to bill a minimum charge could threaten the financial viability of the utilities. In Fiscal 2008, the Water Utility mailed 493,482 bills with minimum charges totaling \$15.4 million. These revenues represented 31% of all water bill revenue. In Fiscal 2009, the Water Utility mailed 474,204 bills with minimum charges totaling \$15.9 million. This revenue represented 30% of the total. The Utility would risk losing a large portion of this revenue each year if SB#09-0413 were to pass.

Second, the minimum charge is meant to partially cover the cost to maintain the account. The utility must perform basic administrative tasks for each account even if no water is being consumed, such as reading the meter, sending notices, and maintaining an account billing record. Also, it should be noted that customers for vacant or empty properties do have the option of paying a one-time fee of \$285 to shut down an account and avoiding the minimum charge.

Thank you for your consideration of this response.

cc: Edward J. Gallagher  
Angela Gibson

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*Infant*