

**Testimony at Informational Hearing - Water Affordability**  
**Before the Baltimore City Taxation, Finance and Economic Development Committee**

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**October 26, 2016**

Food & Water Watch is a nonprofit consumer advocacy organization with an office and 6,000 supporters in Baltimore City. We champion healthy food and clean water for all. We stand up to corporations that put profits before people and advocate for a democracy that improves people's lives and protects our environment.

Baltimore's water and sewer systems need to be well-funded to make the investments necessary to provide safe and reliable water, but we need to make sure that this service is accessible and affordable for everyone in the city. Universal access to safe water is essential for public health, community wellbeing and basic human dignity.

### **Recommendations**

**Equitable rate changes.** DPW should study how rate changes affect low-income households and seniors prior to making recommendations to the BOE. It must ensure that rate increases do not disproportionately impact low-income households and seniors.

**Senior discount on new fixed fees.** DPW should apply the low-income senior discount to entire water and sewer bills including the new fixed fees.

**Income-based affordability program.** The City Council should adopt an ordinance to establish an income-based water affordability program. This is a comprehensive solution to unaffordable water bills and would help ensure that every household can afford their water bills. Without an affordability program, it is unlikely that any rate structure in itself can make water service affordable for everyone in the city. That's because there are too many factors that contribute to essential water use: how many people live in your home; how old your home is; how old or leaky are your toilets, fixtures and appliances; and whether you have dishwasher or washing machine at home.<sup>1</sup> Accounting for all these variables in rates would be administratively cumbersome, and ultimately, it would still fail to ensure that every household can afford their water bills.

### **Background**

**Baltimore, like many cities, is facing a number of water challenges.** Every thunderstorm seems to bring another sewer overflow,<sup>2</sup> with sewage backups flooding basements<sup>3</sup> and water main breaks creating traffic jams.<sup>4</sup> The city had nearly 800 water main breaks last year, which was, astonishingly, a big improvement over previous years.<sup>5</sup>

*Grant*  
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The Department of Public Works plans to spend \$2 billion on improvements to our water and sewer systems over the next six years.<sup>6</sup> We need to make sure that these projects will bring good union jobs to city residents while helping make our drinking water safe and our waterways clean.

But, how do we make these important investments and keep service affordable? A quarter of Baltimore residents are living in poverty, and our median household income is little more than half (56 percent) of the statewide median.<sup>7</sup>

***Baltimore faces another daunting challenge: water service affordability.*** The federal support that once helped fund major investments in clean water infrastructure nationwide has largely dried up, and without a renewed federal commitment, cities like Baltimore are left to figure how to provide safe water without pricing their residents out of service.

This problem becomes especially complex in this period of widening income inequality and reliance on regressive water billing. Low-income households pay a disproportionate amount of their income on their water bills. The consequences are playing out in communities across the country, from Philadelphia to Detroit, and from San Diego to Baltimore: widespread water shutoffs.

## Rate analysis

Baltimore's water and sewer rates have more than tripled since 2000,<sup>8</sup> and as a result of the latest BOE-approved plan, rates will increase by another 31 percent by July 2018.

***As a result of the rate redesign, the burden of the increase isn't felt equally.*** DPW is increasing water and sewer rates by 9.4 percent a year for a cumulative hike of 31 percent by July 2018.<sup>9</sup> It isn't just raising rates; it is also changing how it charges for service. It is adding new fixed fees, eliminating the minimum usage and changing the volumetric water charges.

***This rate hike is going fall hardest on low-income residents and seniors.*** Households that don't use much water will see disproportionate increases in their water bills (see attached graphs in appendix).

- Typical household — with 5/8-inch meters using 21 units a quarter — will see a total increase of 23 percent, or \$210 annually, by July 2018.
- Households that use about half as much as typical will see a total increase of 55 percent, or \$235 annually, by July 2018.
- Households that use twice as much as typical will see their bills *drop* by 9 percent this month, with a cumulative increase of only 9 percent, or \$161 annually, by July 2018.<sup>10</sup>
- Low-income households typically use less water overall than wealthier households.<sup>11</sup>

***As a result, many low-income households will see bigger hikes in their bills than wealthier customers with big houses and big lawns.*** DPW is increasing the existing low-income assistance by a mere \$18 a year per household. That is insufficient.

**Low-income seniors will see their bills as much as double.** DPW has effectively cut back its assistance to low-income seniors, by excluding the new fixed fees from the existing discount of 43 percent.<sup>12</sup> As a result, these seniors will see large increases in their bills. Low-income seniors use will see their water bills *as much as double* by July 2018.<sup>13</sup>

**Without a comprehensive water affordability program, this rate increase could cause more households to lose access to water.** In 2015, Baltimore shut off water service to more than 8,000 households,<sup>14</sup> affecting an estimated 20,000 people,<sup>15</sup> many of whom likely simply could not afford to their bills. Without running water, people cannot cook dinner, wash their hands or flush their toilets. Unaffordable water bills can even lead to tax-sales and evictions.

**Access to water is a fundamental human right.** To respect that right, people must be able to afford service charges. The United Nations has determined that for water and sewer service to be considered affordable, water bills should not consume more than 3 percent of a household's income.

In absence of a robust water affordability program, more and more working families, seniors and other low-income households will be unable to pay their bills, leading to water shutoffs, evictions and possibly dismantled neighborhoods.<sup>16</sup>

We must take action now to ensure that this essential public service is affordable for everyone in the city.

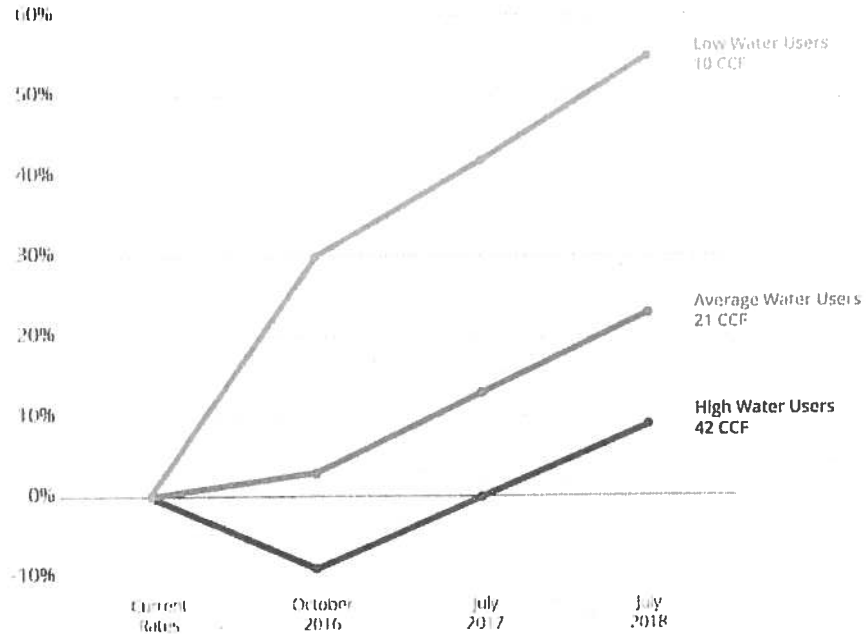
Thank you for your time and attention on this important matter.

Sincerely,

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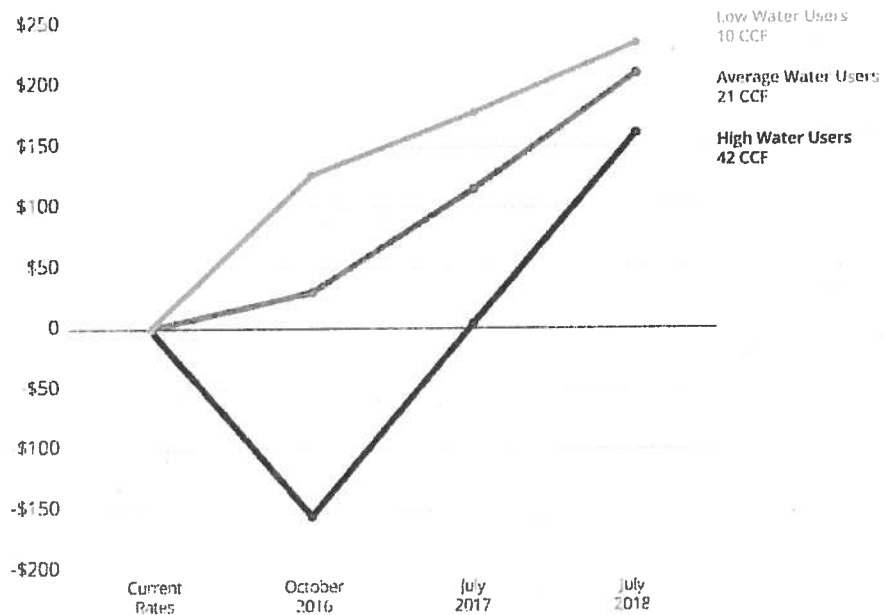
## Appendix

### Baltimore's Rate Increase: Percent Change in Household Water and Sewer Bills



Based on 5/8 inch meter  
 Source: Baltimore City Board of Estimates Agenda, July 27, 2016 at 110

### Baltimore's Rate Increase: Dollar Change in Household Water and Sewer Bills



Based on 5/8 inch meter  
 Source: Baltimore City Board of Estimates Agenda, July 27, 2016 at 110

## Endnotes

- <sup>1</sup> U.S. EPA. Water Sense. "Indoor Water Use in the United States." June 2008.
- <sup>2</sup> Baltimore City. Department of Public Works. (Press release). "Sewer Overflows Reported." August 24, 2016; Baltimore City. Department of Public Works. (Press release). "DPW Reports Structured Wastewater Outfall Totals Resulting from Wednesday Night Rains." August 19, 2016; Baltimore City. Department of Public Works. (Press release). "Update Report on Weekend Sewage/Rainwater Release Additional overflow reported." August 5, 2016.
- <sup>3</sup> Dance, Scott. "Officials have few answers for Baltimore residents weary of sewage backups." June 8, 2016.
- <sup>4</sup> Snyder, Ron. "Large water main break closes Baltimore street." WBALTV. July 4, 2016.
- <sup>5</sup> Baltimore City. Department of Public Works. (Press release). "Water main breaks dramatically decline." July 7, 2016.
- <sup>6</sup> Baltimore City. Board of Estimates. Agenda. July 27, 2016 at 107.
- <sup>7</sup> US Census. QuickFacts. Baltimore city, Maryland. Available at <http://www.census.gov/quickfacts/table/PST045215/2404000,24>, accessed August 2016.
- <sup>8</sup> Food & Water Watch. "Baltimore Must Stop Household Water Shutoffs: An Analysis of Key Facts, Figures and Trends." April 23, 2015 at 2.
- <sup>9</sup> Baltimore City. Department of Public Works. [Press Release]. "DPW requests hearing to review water/sewer rate adjustments, new rate structure." July 26, 2016.
- <sup>10</sup> Baltimore City. Department of Public Works. "Water Billing Rate and Fees." Available online at <http://publicworks.baltimorecity.gov/Water-Bill-Rates-and-Fees>; Baltimore City. Board of Estimates. Agenda. July 27, 2016 at 109.
- <sup>11</sup> Water Research Foundation. North America Residential Water Usage Trends Since 1992." 2010 at xxiv, xxvii and 57.
- <sup>12</sup> Baltimore City. Board of Estimates. Agenda. July 27, 2016 at 113; Baltimore City. Department of Public Works. "Low Income Senior Citizen Water Discount Program." 2016.
- <sup>13</sup> Baltimore City. Department of Public Works. "Water Billing Rate and Fees." Available online at <http://publicworks.baltimorecity.gov/Water-Bill-Rates-and-Fees>; Baltimore City. Board of Estimates. Agenda. July 27, 2016 at 109.
- <sup>14</sup> Chow, Rudy. "Keeping the water billing system fair in Baltimore." *Baltimore Sun*. November 6, 2015.
- <sup>15</sup> Based on US Census. QuickFacts. Baltimore city, Maryland. Available at <http://www.census.gov/quickfacts/table/PST045215/2404000,24>, accessed August 2016.
- <sup>16</sup> Kurth, Joel. "Activists: Detroit shutoffs ruining neighborhoods." *Detroit News*. August 12, 2016.