
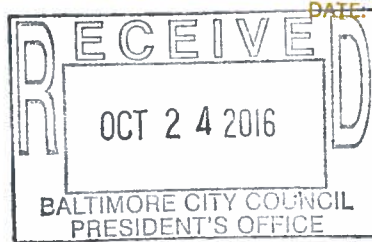


FROM	NAME & TITLE	Rudolph S. Chow, P.E., Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Municipal Building		
	SUBJECT	CITY COUNCIL RESOLUTION 16-0307R		

TO

The Honorable President and Members
of the Baltimore City Council
c/o Natawna Austin
Room 400 – City Hall



DATE: October 21, 2016

I am herein reporting on City Council Resolution 16-0307R introduced by Council Member Henry, President Young, Council Members Costello, Clarke, Scott, Mosby, Branch, Holton, and Middleton.

The purpose of the Resolution is to request that representatives from the Department of Public Works and the Department of Finance, as well as independent experts, appear before the Council to discuss the burden of water bills on low-income households, senior citizens, and tenants and to discuss the potential for a more equitable rate structure design and a comprehensive affordability program to assist residents with unaffordable bills and prevent water service cut-offs.

The Department of Public Works has been planning for and modernizing its water meters and its billing system for more than two years so that, as of October 11 of this year, customers would begin benefitting from a series of fundamental changes to their water services. Several of these changes are noted in this Resolution as being helpful to low-income customers.

Installation of Automated Meter Reading (AMR) – The new meters provide hourly reads of water consumption electronically. The old meter system required manual reads that were conducted once every 3 months.

New Billing System – The prior billing system was over 35 years old and had little to no flexibility to provide customers with comprehensive and readable information about their bills. The new billing system is easier to read and displays every charge the customer is paying for. It can also show customers comparisons of historical and current usage on each bill.

Monthly Billing – The new billing system enables the Department to issue bills on a monthly basis. Monthly bills are easier to budget for and, combined with the detailed information the new meters provide, can help customers better understand their water usage patterns and discover unusual water usage sooner.

Rate Structure Change – Many customers complained that paying a minimum charge on their water bill was not fair. To remove the minimum charge, and to change the way water is charged, the rate structure had to be changed. As part of the October 11 rollout of billing changes, the Department received approval to change the water rate structure – the practice of minimum billing ended; the declining block rate that provided three water rates depending on water usage (one rate per unit of water each for the lowest users, the larger users, and the largest users) was replaced with a flat rate per unit of water, regardless of the amount used. Even with the granted rate increase, the cost per unit of water decreased significantly for the lowest consumers of water.

The Department of Public Works has several assistance programs available to customers who qualify, and the assistance offered has increased with rate increases.

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Senior Citizen Discount Program – Provides a 43% discount on water and sewer rates for seniors 65 years of age or older, and whose income is \$30,000 or less. The income eligibility used to be \$25,000 or less. The Department's Customer Service Representatives make the effort to proactively alert customers of this program during any transaction about their account.

Low Income Assistance Program – An annual credit of \$197.00 is available to eligible customers who are entering into a payment plan. Last year the credit was \$179.00.

Hardship Exemption Program – Income and other qualifying criteria enable these eligible residents to be exempt from paying their Stormwater Remediation Fee and Bay Restoration Fee.

Payment plans are another way in which customers may get their delinquent accounts in order. With the Department's recent assumption of payment plan arrangements and with the changes instituted on October 11 that enabled monthly billing, the ways in which payment plans may be structured with customers has expanded. The traditional payment plan requires a 50% down payment of the delinquent amount, with the balance of delinquency spread over 12 monthly payments. Some customers struggle with coming up with the down payment. The purpose of the Low Income Assistance Program is to help customers who are income-eligible to credit this assistance toward the down payment amount. This traditional payment plan will still be available, but by changing the billing frequency from quarterly to monthly, their payment plan amount will now appear as a line item on their monthly bill (no more coupon books) and can be paid with the rest of the bill. A new payment plan arrangement allows for a customer to enter into a payment plan to pay off their delinquent amount over 6 months, with no down payment required. Customers who are already approved for the Senior Citizen Discount Program would not be required to provide any down payment amount, regardless of the payment plan they select.

HomeServe is a company that provides warranty protection for privately owned interior and exterior water and sewer pipes in exchange for a monthly payment. There are many companies that offer these services, but the City chose to recommend HomeServe services to customers after a rigorous and competitive Request for Proposals process. As part of receiving the City's recommendation for their services, the company was asked to establish an assistance program for Baltimore City residents who encountered problems with their piping, but who were unable to afford to pay for warranty coverage or for needed repairs. This is a new fund provided with private dollars.

The Department of Public Works will have representatives available at the Committee hearing to discuss City Council Resolution 16-0307R.

Respectfully,



Rudolph S. Chow, P.E.
Director