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TO	The Honorable President and Members of the Baltimore City Council
FROM	Corren Johnson, Director – Department of Transportation
DATE	June 24, 2024
SUBJECT	24-0482 Revenue Obligations - Water Projects

Position: Support

Introduction

For the purpose of increasing the City’s authorization to issue revenue obligations within the maximum aggregate principal amount of the revenue obligations that may be outstanding authorized and calculated, as of June 30 of each year by the City to finance or refinance water facilities and, in that connection, amending and restating Ordinance 02-331, as amended by Ordinances 04-687, 07-420, 11-429, and 14-292; authorizing the Board of Finance to specify, prescribe, determine, provide for, approve, and amend the form, terms, provisions, manner or method of issuing and selling, the time or times of issuance, and all other details of the revenue obligations and any other matters necessary or desirable in connection with the authorization, issuance, sale, and payment of these revenue obligations; providing for a special effective date; and generally relating to the issuance and payment of revenue obligations.

DOT Analysis

Council Bill 24-0482 would provide the Water Utility with more funding flexibility by changing the way revenue obligations are calculated. As it stands, the City may issue up to \$2.152 billion in bonds for water utility projects. The legislation would return the dollar amounts of paid obligations to the amount that can be borrowed. This would extend the useful life of the existing authorization for issuing revenue obligations. Council Bill 24-0482 would also require the Water Utility to reflect in its rates the cost of outstanding revenue obligations, ensuring debts are repaid and protecting the City’s creditworthiness.

Conclusion

The Department recognizes the importance of adequately funding water projects to address ongoing needs, facilitate timely coordination of street cuts, and remediate deferred maintenance issues. Therefore, the Department supports the advancement of Council Bill 24-0482.