

**CITY OF BALTIMORE
COUNCIL BILL 12-0032R
(Resolution)**

Introduced by: President Young, Councilmembers Stokes, Middleton, Branch, Mosby, Welch,
Spector, Scott, Clarke, Reisinger, Kraft, Henry, Cole, Curran

Introduced and read first time: March 5, 2012

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Public Works,
Department of Finance, Department of Audits

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Water Bill Tax Lien Sale Moratorium**

3 FOR the purpose of calling for a moratorium on the inclusion of properties in City tax sales solely
4 based on unpaid water or sewer charges for a period of two years, or until the Department of
5 Public Works and the Department of Finance can demonstrate to the Council that a viable
6 and fair system of billing is in place for the Bureau of Water and Wastewater.

7 **Recitals**

8 A February 2012 audit of the Bureau of Water and Wastewater in the Department of Public
9 Works by the Department of Audits highlighted a number of concerns about the City's water
10 billing system. Many of the issues raised by the audit are troubling, and several of them have the
11 potential to lead to severe consequences for Baltimore residents.

12 For instance, the audit found that 18,266 properties had been billed solely based on estimates,
13 with no actual meter readings, for an entire year or longer. This number included 2,678 accounts
14 that had been billed based solely on estimates for at least 4 ½ years. The audit further found that
15 customer efforts to correct these and other billing problems by requesting an actual meter reading
16 often resulted in the customer subsequently being over-billed. According to a report generated
17 for the auditors, \$31.7 million, or 25%, of the total adjusted water billings for the year studied
18 resulted from estimated billings.

19 The problems with the Water and Wastewater billing system may be even more widespread
20 than suggested by these numbers. A review of 70,000 households that the audit flagged as
21 potentially affected by over-billing found that roughly 65,000 of them were likely overcharged
22 but only about 12,000 had had their bills adjusted. DPW's follow up to the audit found that
23 some 38,000 households were owed \$4.2 million.

24 Any unnecessary financial burden on families during these difficult economic times is
25 harmful and unacceptable, but overcharges on water and sewer bills are especially dangerous
26 because these charges are routinely converted into liens on homes when unpaid. These liens, in
27 turn, can be sold or foreclosed on, potentially leading to a family losing its home over a bill of
28 just a few hundred dollars. For example, 851 properties were included in the City's May 2010
29 Tax Sale solely because of unpaid water or sewer bills. Of these, 57 properties were included

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 because of bills based on only estimates for 1 or more years. Some of these bills totaled less than
2 \$700 and DPW's post-audit review suggested that in at least once instance a home would not
3 have been eligible for the sale if actual, rather than estimated, water readings had been used for
4 billing.

5 According to the *Baltimore Sun*, DPW acknowledges that its existing billing process will
6 continue to produce these errors, and cannot be fixed, until many water meters and the current
7 systems are replaced - a transition that DPW believes may take 3 to 4 years. During that time
8 hundreds, or potentially thousands, of Baltimore residents could face foreclosure as the result of
9 erroneous bills or unverified estimates of their water usage.

10 That is simply not an acceptable scenario. One of the audit's recommendations is for the
11 Bureau of Water and Wastewater to commit to performing actual meter readings to determine if
12 properties slated for inclusion in a City tax sale due to unpaid water or sewer charges may have
13 been over or under billed because of estimated bills. Though this is a good recommendation, and
14 deserves to be implemented, it does not go far enough to address the entire range of billing
15 problems uncovered by the audit. Rather, until DPW can demonstrate that it has resolved its
16 systematic billing issues, no property should be included in a tax sale solely for unpaid water or
17 sewer charges.

18 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
19 Council calls for a moratorium on the inclusion of properties in City tax sales solely based on
20 unpaid water or sewer charges for a period of two years, or until the Department of Public Works
21 and the Department of Finance can demonstrate to the Council that a viable and fair system of
22 billing is in place for the Bureau of Water and Wastewater.

23 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
24 Public Works Director, the Finance Director, and the Mayor's Legislative Liaison to the City
25 Council.