



BILL SYNOPSIS

Committee: Equity and Structure

Bill 19-0353

**Charter Amendment – Underground Conduit System
– Sale, Transfer, or Franchise Prohibited**

Sponsor: The Council President

Introduced: March 18, 2019

Purpose:

For the purpose of prohibiting the sale, transfer, or franchising of the City's underground conduit system for cables, wires, and similar facilities; excepting this underground conduit system, its operations and uses, from the Charter provisions otherwise authorizing the grant of franchises or rights relating to the operation or use of public property or places; and submitting this amendment to the qualified voters of the City for adoption or rejection.

Effective: Upon the approval of the legal and qualified voters of Baltimore City.

Agency Reports

Department of Law	No Objection
Department of Finance	Not Favorable
Department of Transportation	Favorable
Baltimore City Information Technology	
Baltimore Development Corporation	

Analysis

By proposing to amend:

Article VIII – Franchises; Section 1; Baltimore City Charter (1996 Edition)

Background

The Baltimore City Conduit System is comprised of pipes or “ducts” used to protect and route wiring underground in the City’s Right of Way. This Conduit System provides the City of Baltimore with an efficient means of installing and maintaining citywide cable infrastructure for both third party leaseholders and Baltimore City communications systems. These Conduit systems are installed underground between multiple manholes, buildings, structures, or devices to allow for power and communication cables to connect buildings, businesses, and homes. The length of this system stretches about 16 million linear feet, of which Baltimore Gas and Electric (BGE) leases nearly 14 million linear feet, accounting for approximately 80 percent of the capacity. These systems play a critical role in providing City residence and businesses with electrical power through Baltimore Gas and Electric’s underground power lines. They are also vital when it comes to fiber optic communication and the critical connections to support emerging wireless technologies such as the Distributed Antenna Systems, Small Cells, CitiWatch program, and other citywide initiatives.

Language in this legislation would prohibit the sale, transfer, or management of the city’s municipal conduit system. The Conduit System is a large revenue generator for the city, however that revenue is restricted within an enterprise fund similar to our water system, meaning that the revenue generated by entities within the system must be invested back into the system. The Department of Finance projected that in Fiscal year 2019 the city generated \$31.97 million in revenue from renting and franchising parts of the conduit system, with \$27.81 million coming from the City’s lease agreement with BGE. After BGE sued the City of Baltimore due to a previous rate increase, both parties entered into a three-year rate agreement that stipulated that BGE would pay \$2 per linear foot with caps on fees applied to BGE of \$10 million and \$25 million for Fiscal 2017 and Fiscal 2018. That agreement sunsets after Fiscal 2019, and the Fiscal 2020 linear foot rate is set to increase to \$2.20 which would generate approximately \$30 million in revenue from BGE and about \$4.5 million from all of renters and leasers.

Additional Information

Fiscal Note: Not Available

Information Source(s): Baltimore City Code, Agency Reports,

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