

**BALTIMORE REGIONAL WATER GOVERNANCE TASK FORCE
MEETING #3 –GOVERNANCE MODELS & PRELIMINARY FISCAL
ANALYSIS, PART 1: AS-IS SCENARIO**

WEDNESDAY, OCTOBER 18, 2023

6:00 – 9:00 P.M.

PUBLIC COMMENTS

List of Follow-ups from Meeting 3 for Future Meetings

1. Examples of how other utilities that transitioned into Special Districts/Authorities handled the issue of employee pensions.
2. Shortlist of comparable utilities that are being interviewed further and details of those interviews.
3. Breakdown of costs that are recovered through the annual true up process.
4. Annotated version of slide 38 on historical wholesale revenues providing some basic explanation of the figures
5. For a hypothetical customer bill at the City and County level, show what percentage of the bill is fixed charge vs. volumetric charge.
6. Clarify how the fire suppression fee is applied in the City and the County.
7. Clarify current pension plan arrangements in place for existing employees of the utilities at the City and County
8. On capital costs:
 - a. City to provide figures for Federal/State Funds on Slide 50 showing City's FY25-29 Capital Plan Funding,
 - b. Clarify whether the figures showing capital spending by the County include contributions to the City,
 - c. Confirm whether the figure showing State Aid of US\$5 million for the County is correct (Slide 55).
9. On Debt:
 - a. Debt projections showing a schedule of new debt expected to be incurred by both the City and the County, and debt to be repaid.
 - b. Cost of capital for refinancing existing debt at current interest rates and how that would impact rate payers.
 - c. Options/examples where a new entity/utility has contractual arrangements with the City and County to provide debt service payments annually, such that each jurisdiction meets its own debt service requirements, avoiding the need for expensive refinancing.
 - d. Impact of asset ownership on debt financing
 - e. Consult with MDE and EPA on financing mechanisms that they administer.
 - f. Provide a chart showing what debt service would look like at different interest rates.
 - g. Provide financial models for each jurisdiction (City and County)
 - h. Provide bond ratings for the utilities (City and County) and any associated financial metrics of each of the utilities.
10. Provide information on:
 - a. How accounts that are currently not paying property taxes are billed for water and sewer; and
 - b. Uncollected/unbilled/unmetered revenues from commercial businesses.
11. Consider governance model options that would involve a financing arm or conduit (e.g. MEDCO) that would raise debt on behalf of the newly formed water and wastewater authority.
12. City to provide details on when the last cost of service study was done and its results.

No.	Public Comment	Action Requested	Taskforce Response
1.	<p>Name: Delegate Bob Long of District 6</p> <p>Comment: Please review the MDE and MES survey and study on the issues surrounding the management of the Back River WWTP and Patapsco WWTP that caused untreated sewage to be released into the waterways. The plant is now in compliance but that needs to continue under a new model. To avoid repeating history during or after transition to the new model, it is important to examine this issue closely.</p> <p>Rising costs of services is also an issue that needs close examination considering many residents that I represent are living paycheck to paycheck. An audit was done on the cost and performance of these wastewater plants so please look into that closely.</p>	<p>Review the MDE and MES survey and report as well as audit reports relating to the Back River and Patapsco WWTP to inform the recommendations on the new model.</p>	<p>Thank you for your comment.</p> <p>This comment will be recorded and the issues raised will be kept in mind as we work to select a new governance model.</p>
2.	<p>Name: Delegate Robin Grammer Jr. of District 6</p> <p>Comment: Please examine the issues surrounding Back River WWTP carefully as this is one of the reasons, we are considering a new governance model. Employees at the Back River WWTP advised us that they notified the DPW of issues that were later found to be catastrophic by the MDE; however their concerns were not taken seriously and the MDE corroborates that. How will the new authority provide oversight in such cases? Have you reviewed the MDE report to inform your analysis?</p> <p>On equity, environment, and property rights issues: I have not seen a single representative of impacted communities as part of the Task Force. How will you ensure that community engagement takes place to ensure the model endures?</p> <p>Two more questions:</p> <ul style="list-style-type: none"> • How will rates be impacted by each model? Rates paid by customers of a special authority such as WSSC Water seem to be higher than what we are paying. Can you give an estimate of what rates will look like under each model? 	<p>Examine the issues surrounding Back River WWTP closely to inform the recommendations on a new model. Consider how community engagement will be incorporated into this process. Consider how rate stability and affordability will be impacted if the utilities are reorganized into a special authority model.</p>	<p>Thank you for your comment.</p> <p>This comment will be recorded and the issues raised will be kept in mind as we work to select a new governance model.</p>

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	<ul style="list-style-type: none"> Special authorities can take debt and adjust rates which will significantly impact residents. How are you going to ensure affordability and rate stability under a new model? 		
3.	<p>Name: David Wheaton, NAACP Legal Defense Fund</p> <p>Comment: In case of Model E (regional authority), I want to talk about a lease payment would look like. In case of Detroit, the lease payment was fixed at US\$50 million. Are the consultants looking at what the lease payment would look like and who will negotiate this? This payment needs to be equitable. Will this payment be passed down to rate payers leading to an increase in rates? Is this going to be done by the State giving a lease payment to the City? Can you talk more about the lease payment?</p>	Consider what the lease payment would look like in case of a special authority that leases assets from the City and County.	Thank you for your comment. This question is premature considering we have not yet selected the new governance model. Your questions will be recorded and kept in mind for any future implementation and policy work around the new model.
4.	<p>Name: Sharonda Huffman, Essex resident and former City employee</p> <p>Comment: I am frustrated that those that live next to the mess have no say. At Back River WWTP, an employee died because of the neglect of the infrastructure and the State had to take it over. This greatly impacts me as I live nearby. Integrated rates are fine, but my concern is that infrastructure is different between the City and the County and the City DPW is not equipped to handle more. In doing the rate analysis, consider that this part of the County has the lowest median incomes. As we build more infrastructure and when we privatize things, I am concerned that we are not taking into account the impact on the individuals. I hope you will invest in a Commission. The City should maintain its own infrastructure for liability purposes while trying to get a new authority.</p>	Consider how the new model will address the issues surrounding the management of Back River WWTP and how the new model will impact rates.	Thank you for your comment. This comment will be recorded and the issues raised will be kept in mind as we work to select a new governance model.
5.	<p>Name: Jomar Lloyd, Food and Water Watch</p> <p>Comment: Possible projected transition costs associated with the models and how these may be passed on to the residents. Considering the discrepancies between how much City residents pay vs. how much County residents pay, how will the costs transition and</p>	Consider transition costs associated with each model and the impact of these costs on rates. Consider how the discrepancies between what City and County residents currently pay will change under a new model.	Thank you for your comment. This comment will be recorded and the issues raised will be kept in mind as we work to select a new governance model.

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	the costs of developments in the County be passed on to the City?		
6.	<p>Name: Mike Myers, Back River Neck Peninsula Community Association</p> <p>Comment: Concerned about environmental impacts of the sewage plants. In recent community meetings, I am hearing complaints about sewage polluting the river and property depreciation due to these environmental impacts. These complaints are repeated over and over for decades and have not been solved in over a 100 years. Back River is one of the most neglected parts of the State. The wastewater treatment plant is a failure and our community is upset about that. Our community wants to see some epic changes in how these plants are governed.</p>	Consider a model that will change how the Back River WWTP it is operated.	<p>Thank you for your comment.</p> <p>This comment will be recorded and the issues raised will be kept in mind for any future implementation and policy work around the new model.</p>
7.	<p>Name: Senator Benjamin L. Cardin (letter read by Chair Henry)</p> <p>Comment: I was encouraged when Mayor Brandon Scott and County Executive Johnny Olszewski announced their appointments to the Regional Water Governance Task Force established by the Maryland General Assembly, including your selection as Task Force Chair. I write to respectfully encourage the Task Force to consider federal funding opportunities as you evaluate the potential savings, service improvements, enhanced capacity to attract, develop, and train personnel, and other benefits of alternative governance models for the Baltimore region's water and wastewater utility.</p> <p>The significant funding made available through recent federal infrastructure legislation creates new opportunities for water systems to address backlogs of needed capital improvement and improve water quality. Modernizing the governance of the water delivery system that serves residents in Baltimore City, Baltimore County, and other surrounding jurisdictions through regional solutions will position the entire service area to take maximum advantage of these once in-a-generation federal funding opportunities.</p> <p>The Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law (BIL), delivers more than \$50 billion through the U.S. Environmental Protection Agency's drinking water,</p>	Consider federal funding opportunities as you evaluate governance model options.	<p>Thank you for your comment and for raising the important consideration of availability of federal funding.</p> <p>The Task Force appreciates the support of you and your office. We look forward to continued collaboration as we prepare the final recommendations.</p> <p>This comment will be recorded and the suggestions made will be kept in mind as we work to select a new governance model.</p>

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	<p>wastewater, and stormwater infrastructure programs. The BIL makes these substantial investments primarily through the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF), recognizing that the nation has underinvested in water infrastructure for too long, particularly in disadvantaged communities.</p> <p>In addition to the traditional DWSRF, the Bipartisan Infrastructure Law creates two new funding streams specific to lead service line replacements and emerging contaminants such as per-and polyfluoroalkyl substances (PFAS), which are both the subject of regulatory initiatives to protect public health by reducing exposure in drinking water. The set-asides dedicate \$15 billion and \$4 billion, respectively, through the DWSRF for these purposes.</p> <p>Across multiple programs, the Bipartisan Infrastructure Law also targets funding for resilient infrastructure that is protected from threats, from climate change to cyberattacks. The Clean Water Infrastructure Resiliency and Sustainability Program, which I was proud to author as Ranking Member of the Senate Environment and Public Works Committee Transportation and Infrastructure Subcommittee, will provide grants to increase the resilience of publicly owned treatment works. This new program is authorized at \$25 million per year with a 25% local match.</p> <p>I concur with the finding by independent experts in the Water/Sewer Services Comprehensive Business Process Review for Baltimore City and Baltimore County that "there are many benefits that Baltimore City and Baltimore County could realize by consolidating management of the water and sewer system into a single entity." These benefits include "[s]ustained access to low-cost financing." I will continue working to ensure the federal government is a reliable source of financial and technical assistance through programs administered by the EPA and other federal agency partners.</p> <p>Thank you for your willingness to lead the Baltimore Regional Water Governance Task Force and your consideration of this request. I look forward to our continued collaboration as the Task Force prepares its final recommendations.</p>		