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## City of Baltimore – DPW Bureau of Water and Wastewater Summary of Water and Wastewater Rate Adjustment Proposal

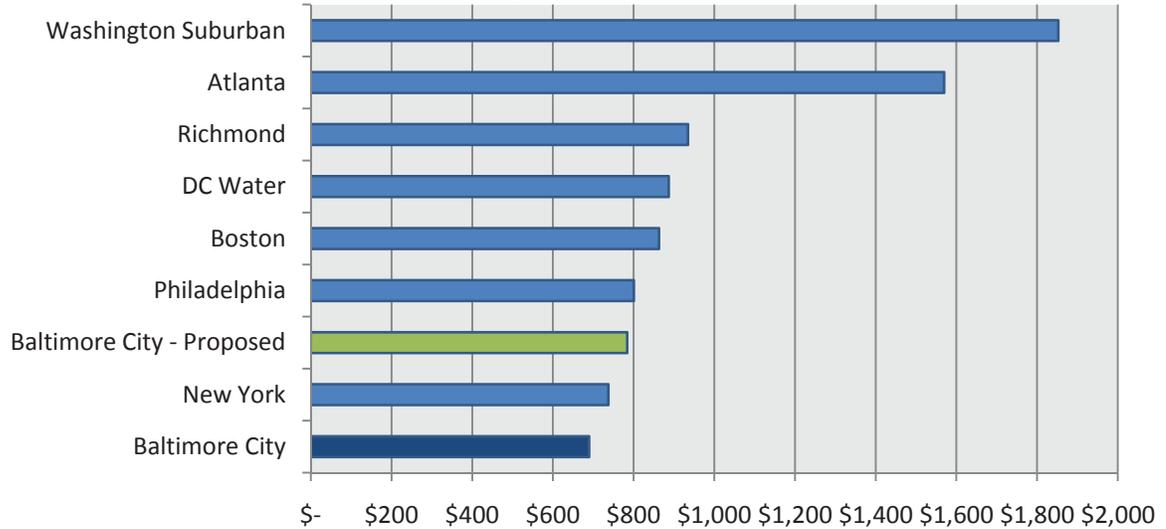
- Infrastructure Requirements:** The City, in prior decades, has kept rates low while deferring maintenance and rehabilitation across our water and wastewater systems. This change is required to meet numerous State and Federal mandates, rehabilitate aging infrastructure, and provide preventative inspections of sewer and water lines as well as replacement of our current metering and billings systems.
- Funding Priorities:**

<p>Long-term infrastructure stability investment</p> <ul style="list-style-type: none"> <li>-Asset Management Program</li> <li>- Infrastructure Replacement</li> <li>- Large Diameter Transmission Mains</li> <li>- Advanced Meter Infrastructure/ Billing System</li> <li>- Reduction in Unaccounted Water</li>   <li>- New Water Treatment Plant</li>   <li>- Sewer Lateral Rehab/Replacement Program</li>   <li>- Modernization of information technology systems</li> </ul>	<p>Unfunded mandates to avoid costly enforcement action/fines:</p> <ul style="list-style-type: none"> <li>- Wastewater Treatment Plant ENR Upgrades</li> <li>-Sanitary Sewer Overflow Consent Decree</li> <li>- Covering for Finished Water Reservoirs</li> </ul>
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- Job Growth:** Job creation through investment in water infrastructure provides greater benefits than comparable investments in transportation, education, energy, and tax cuts. This job creation will help increase Baltimore’s population growth.
- Innovative Management:** The City of Baltimore, under leadership of the Department of Public Works, is the first and only utility in the United States to submit an Integrated Planning Framework to the EPA. The framework is designed to provide our community the flexibility needed to invest precious ratepayer and community dollars into effective projects and programs that protect public health and safety. It is a focus on affordability to avoid environmental compliance at the cost of crippling our communities with financial burden. Affordability components developed per Bureau Personnel of the IPF framework have received national attention through the U.S. Conference of Mayors, the American Water Works Association, the Water Environment Federation, and the EPA.

- **Rate Increase Proposal:** The Bureau is proposing a three year rate adjustment of 15% for water and sewer services in Fiscal Year 2014, and 11% for water and sewer for FY15 and FY16. The recommended changes allow our leadership to continue with the innovative management solutions to stabilize our infrastructure and maintain compliance with federal mandates.
- **Revenue:** Anticipated \$40 million in revenue from the new rate. Among other things, this would allow us to generate about \$225 million in the bond market, thus making our money go further.
- **Customer Impacts:** The recommended rate changes, if approved per the Board of Estimates, will raise the annual water and wastewater bill for a typical City customer (using 170 gallons per day) by approximately \$94.50. The cumulative impact of the three-year increase will raise the annual bill \$253.60.
- **Safety Net Provisions:** City customers are offered multiple lines of assistance through the Utility's Safety Net Provisions which target Senior Citizens and Low-Income Households.
- **Rate comparison:** The common understanding that Baltimore City holds high rates for water and sewer rates is myth. The reality is our rates are not high, our value is. Under direct comparison against large utilities on the east coast we currently sit at the bottom. In a local comparison the cost for a resident of Baltimore City is half that of a customer for WSSC and approximately 35% lower than a resident of Baltimore County. Following the 15% rate adjustment, the annual charges assessed to City customers will be approximately 19% less than a County resident.
- **Timeline:** The request for a hearing on the rate adjustments will be formally submitted to the Board of Estimates on May 22. The Board would hold a hearing on June 26. If approved, the rates would become effective July 1.

## Annual Water and Sewer Costs for Major Cities

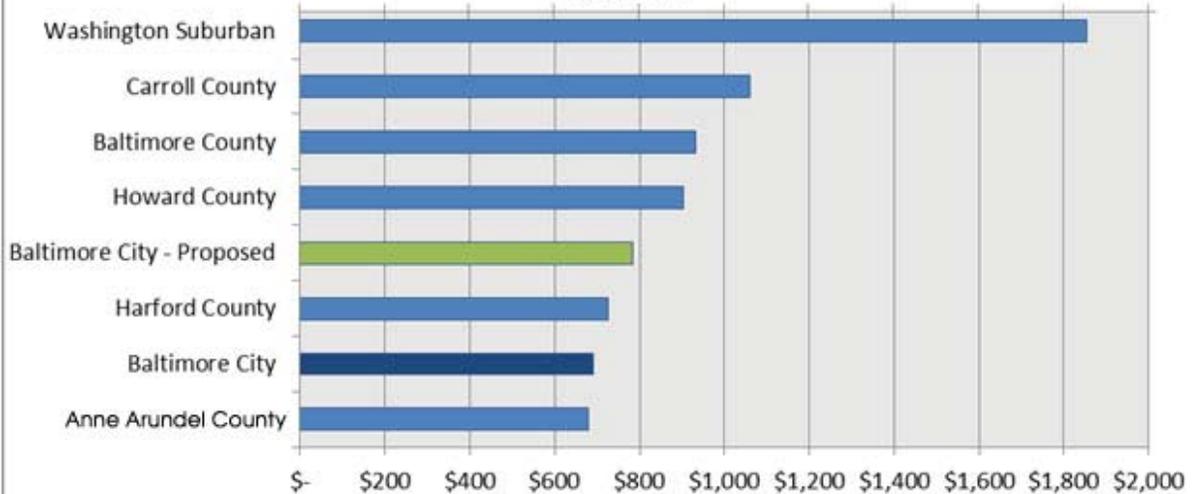
April 2013



Assumes 21 ccf per quarter (170 gallons/day) Costs include water and sewer bills

## Annual Water and Sewer Costs for Local Jurisdictions

April 2013



Assumes 21 ccf per quarter (170 gallons/day) Costs include water and sewer bills (including \$60 annual MD Bay Restoration Fee), water and sewer metropolitan district