



Baltimore Regional Water Governance Taskforce

Meeting #3: Governance Models & Preliminary Fiscal Analysis

Part 1: As-Is Scenario

October 18, 2023

Today's Agenda

6:00 pm to 6:15 pm	Recap and follow-up from Meeting #2
6:15 pm to 7:00 pm	Consultant presentation
7:00 pm to 7:45 pm	Taskforce discussion
7:45 pm to 8:00 pm	Break
8:00 pm to 8:45 pm	Public comments
8:45 pm to 9:00 pm	Taskforce reconvenes

Notes for Attendees

- If you would like to comment or ask a question, and have not already signed up online, please add your name on the tablet sign-up with our staff
- Please limit your comment or question to 2 minutes; you will be timed
- No follow up comments or questions beyond that time, please
- If the Task Force can provide you a response they will do so after you finish speaking
- All comments will be noted and posted the website

Task Force Meeting Schedule

Taskforce Meeting #1: Existing Organization & Agreements

Wednesday, September 13 at 6:00pm

Baltimore County, Randallstown Community Center

Taskforce Meeting #2: Governance Models

Wednesday, October 4 at 6:00pm

Baltimore City, Middle Branch Fitness and Wellness Center

Taskforce Meeting #3: Governance Models & Preliminary Fiscal Analysis

Wednesday, October 18 at 6:00pm

Baltimore County, CCBC Essex

Taskforce Meeting #4: Final Fiscal Analysis

Wednesday, November 1 at 6:00pm

Baltimore City, Mount Pleasant Church and Ministries

Taskforce Meeting #5: Summary & Recommendation

Thursday, November 16 at 6:00pm

Virtual

Taskforce Meeting #6: Final Recommendation Report

Thursday, January 25 at 6:00pm

Virtual

Recap from Meeting #2

Task Force's charge

- The Task Force shall:
 - strive for consensus among its members.
 - review the findings and governance case studies from NewGen's Business Process Review finalized in July 2021.
 - consult with MDE and MES.
 - **report findings and recommend the appropriate governance model to the Mayor of Baltimore City, the County Executive of Baltimore County, the Governor on or before January 30, 2024.**



Maryland
Department of
the Environment



MARYLAND
ENVIRONMENTAL
SERVICE



Criteria for identifying recommended governance model (1/3)

HB 843 sets out the methodology for the Task Force to identify the governance model

Each member shall.....assess how each different governance approach may improve the following:

- management;
- operations;
- employee recruitment;
- retention and training;
- billing and collections;
- planning for capital improvements;
- emergency management; and
- rate stability for customers

Meeting #2

Criteria for identifying recommended governance model (2/3)

Assess alternative governance structures for the Baltimore region's water and wastewater utility, **including frameworks for:**

- governance;
- financing;
- capital planning;
- future system capacity expansion;
- decision-making processes; and
- ongoing operations and maintenance of safe, efficient, equitable, and affordable water and wastewater systems serving the Baltimore region

Meeting #2

Criteria for identifying recommended governance model (3/3)

Analyze the fiscal implications and efficiencies of each alternative governance structure, including estimated short- and long-term costs, 10-year historical costs that both jurisdictions have paid to the utility, **and cost-savings associated with:**

- system transitions;
- asset leases and capital planning;
- rate restructuring for Baltimore City, Baltimore County, and other wholesale stakeholders;
- debt consolidation and extension;
- staffing and pension liabilities; and
- other relevant costs to jurisdictions or customers served by the shared systems

This Meeting:
As-is conditions,

Meeting 4:
Alternatives

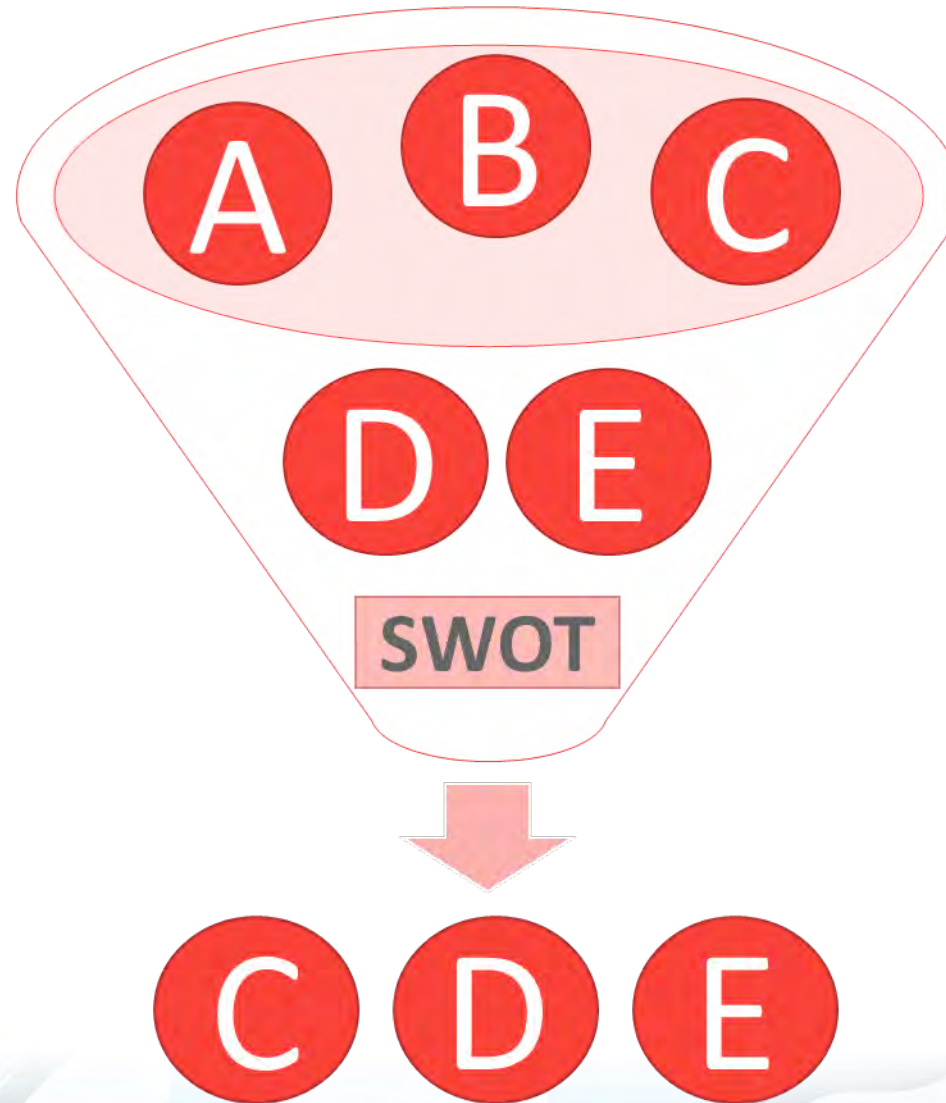
Vote Passed for Range of Alternative Models

A Memorandum of Understanding (MOU)

Written agreement between utilities that documents specific terms of agreement for a defined mutually beneficial objective.

B Cooperative

Non-profit, member-owned partnerships created to achieve a single goal. All customers of the cooperative are members, and each member has voting power.



Intermunicipal Service Agreement

Maintain current legal structure of two separate utilities while updating existing agreements and incorporating organizational structure and operational changes.

Wholesale Service Purchase Agreement

Contract for a utility to provide another with water or sewer services. Typically, services provided are for wholesale type services (utility to utility sales of services) as opposed to retail type services (directly to end customers).

Special District or Water/ Wastewater Authority

Special districts can be formed within service area boundary to meet specific purpose. Special districts have the authority to charge rates and fees and issue revenue bonds in return for the responsibility and obligations to render services.

Indicative Structure of Alternative Models (1/4)

Model C Intermunicipal Service Agreement



Who is responsible for:

Utility policy and decision making*	Handled independently by each utility for services under their jurisdiction
Rate setting	Set by each utility, joint cost sharing
Capital planning	Joint, coordination governed by IM Agreement
Financing	Provided independently by each utility
Retirement and pensions	Handled independently by each utility

Indicative Structure of Alternative Models (2/4)

Model D Wholesale Service Purchase Agreement

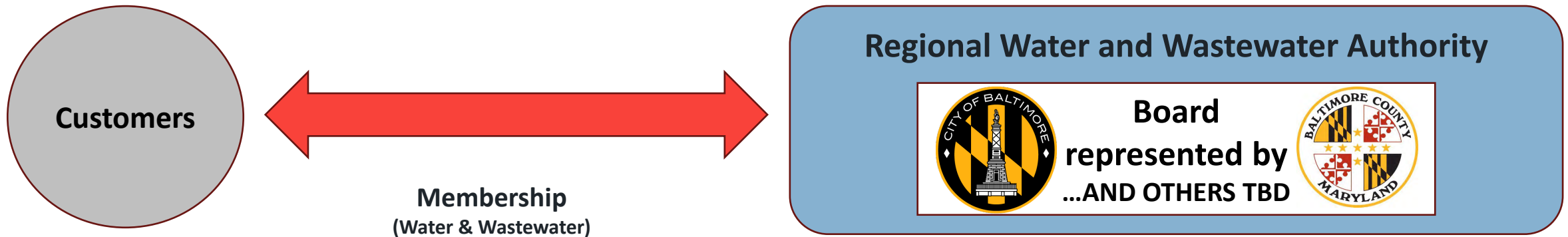


Who is responsible for:

Utility policy and decision making	Set by service provider, purchasing utilities set their jurisdiction's policies
Rate setting	Wholesale rates by service provider, retail rates independently by each utility
Capital planning	Service provider plans; purchasers agree to buy set volume over term for funding
Financing	Service provider through Paygo or bonds
Retirement and pensions	Wholesale by service provider, retail by each utility

Indicative Structure of Alternative Models (3/4)

Model E Special District/Water and Wastewater Authority



Who is responsible for:

Utility policy and decision making	Board of Regional Authority (Board)
Rate setting	Board, based on a predetermined methodology and approval process
Capital planning	Regional Auth. staff, the Board-approval- following defined planning and approval process
Financing	Regional Authority, through Paygo & revenue bonds
Retirement and pensions	Regional Authority, for all its employees

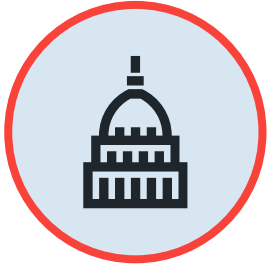
Indicative Structure of Alternative Models (4/4)

Summary of roles and responsibilities across models

Who is responsible for:	Model C Intermunicipal agreement (as modified)	Model D Wholesale service agreement	Model E Special District/Authority
Utility policy & decisions	Service provider with member utilities' input	Service provider and purchasing utility	Board of Authority
Rate setting	Service provider & member utilities' joint cost sharing	Service Provider (wholesale); Purchasing utility (retail)	Board of Authority
Capital planning	Service provider; Coordination per IMA	Service provider, based on contractual commitments	District/Authority
Financing	Respective utilities	Service provider, based on contract commitments	District/Authority
Retirement and pensions	Respective utilities	Respective utility	Board of Authority

Follow-Up Items from Previous Task Force Meetings

Follow-up Item Groupings



Governance



Bill Comparison
(city & county)



Rate setting



Cost Allocation
Model



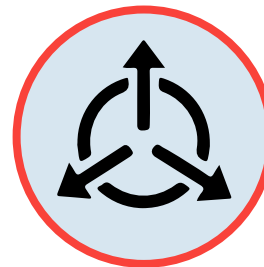
State Support



Wholesaler Capital
Improvements



Future Capital
Improvements



Outsourcing



Comprehensive
As-Is Status



Follow-ups: Governance



Information on the utilities studied including a chart or table showing what model each utility follows,

-> Table posted online



Additional information on stormwater management for the utilities that the Consultant is already studying, and

-> Table posted online



Historical experiences of other cities moving to a special district/authority model.

-> Meeting #4



Follow-ups: Bill Comparison



Provide Graphic explaining the \$/ccf rate that a County resident pays and the \$/ccf rate that a City resident pays



Follow-ups: Bill Comparison

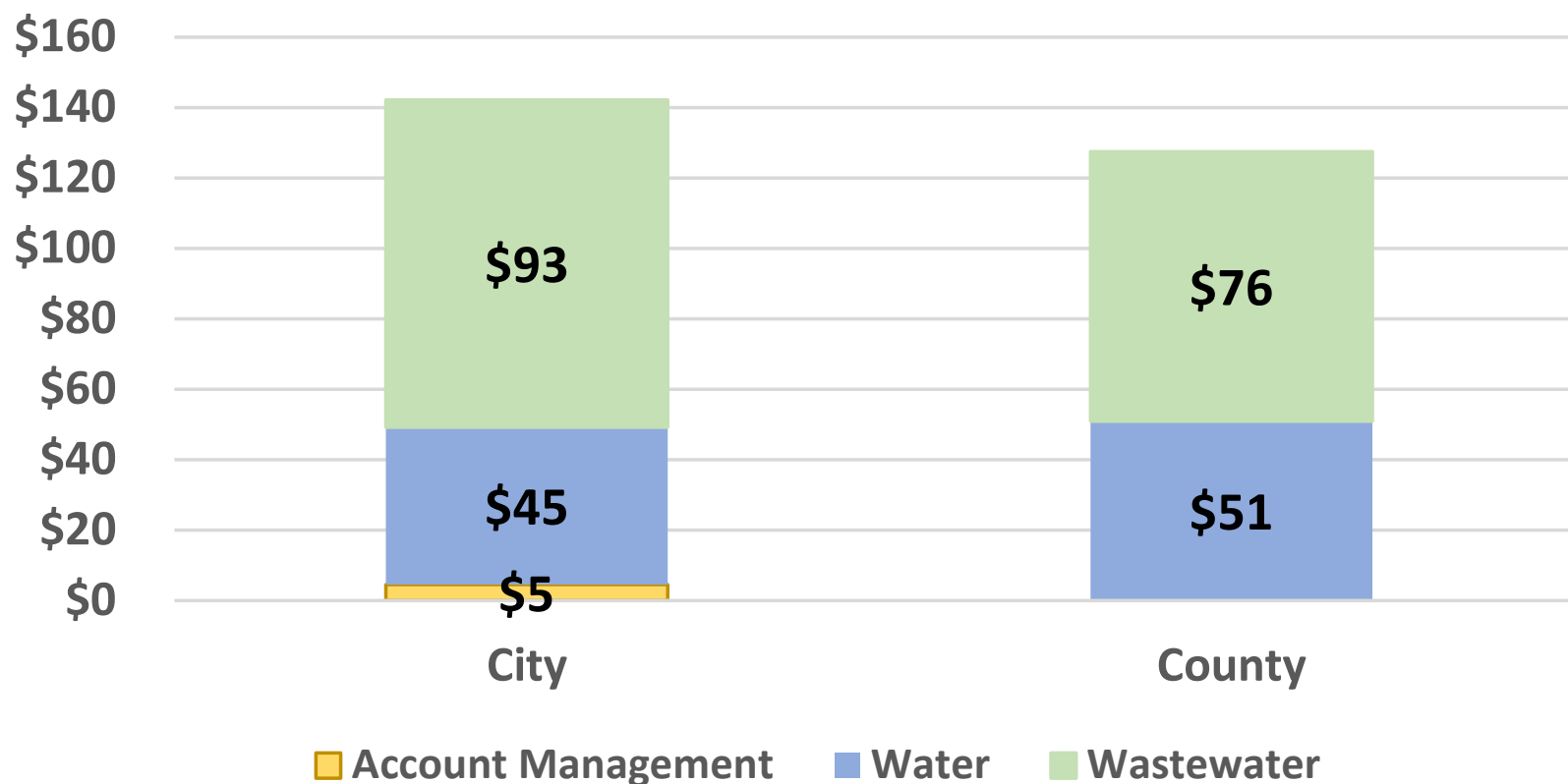
- Comparing utility bills between the City and the County folds in a lot of parameters simultaneously
 - Water use in each respective utility
 - Age of facilities in each respective utility
 - Cost of construction in each respective utility
 - Different capital needs at different times
 - Repair/replacement practices
 - Differences in capital project financing practices
- Comparisons do not necessarily reveal
 - Inequities in cost allocation
 - Efficiency of operation
 - Any consideration of contract terms that guide the cost allocation procedures



Follow-ups: Bill Comparison



Monthly Water and Sewer Bill Comparison



Based on water use of 8 ccf/month and 100 foot frontage.

Exclude Stormwater Charge and Bay Restoration Fee.



Follow-ups: Bill Comparison City Bill Example



	Total Annual Bill	Monthly Bill
Account Management Fee	\$55.08	\$4.59
Water		
Water Infrastructure Charge	\$166.68	\$13.89
Water Volume Charge	\$369.60	\$30.80
Subtotal Water	\$536.28	\$44.69
Wastewater		
Wastewater Infrastructure Charge	\$140.16	\$11.68
Wastewater Volume Charge	\$974.40	\$81.20
Subtotal Wastewater	\$1,114.56	\$92.88
Total	\$1,705.92	\$142.16

Notes:

- (1) Bill calculations are based on water use of 8 ccf/month. This is a composite value incorporating the City's median consumption of 5 ccf/month and 13 ccf/month used by the County on its website for example bill calculations.
- (2) Bill calculations exclude Stormwater Charge and Bay Restoration Fee.





Follow-ups: Bill Comparison Example County Bill



	Quarterly Charges	Annual Charges	Total Annual Bill	1/12 of Annual Bill	
Water					
Water Distribution Rate		\$256.34	\$256.34	\$21.36	
Minimum Quarterly Charge	\$24.54		\$98.16	\$8.18	
Quarterly Consumption Charges	\$34.36		\$137.42	\$11.45	<== 8 ccf/month; 96 ccf/year
Water Benefit Assessment		\$120.00	\$120.00	\$10.00	<== 100 foot frontage
Subtotal Water			\$611.92	\$50.99	
Wastewater					
Sewer Service Rate		\$717.60	\$717.60	\$59.80	<== 8 ccf/month; 96 ccf/year
Sewer Benefit Assessment		\$200.00	\$200.00	\$16.67	<== 100 foot frontage
Subtotal Sewer			\$917.60	\$76.47	
Total			\$1,529.52	\$127.46	

Notes:

(1) Bill calculations are based on water use of 8 ccf/month. This is a composite value incorporating the City's median consumption of 5 ccf/month and 13 ccf/month used by the County on its website for example bill calculations.

(2) Bill calculations exclude Bay Restoration Fee.



Follow-ups: Rate Setting



Provide information on rate setting from the wholesale and retail perspective.



Follow-ups: Rate Setting and Cost Recovery



- Both the City and County set rates to recover their costs to provide services and to meet financial performance criteria.
- Both the City and County publish their rate schedules.
- Both the City and County annually perform analyses to strategically project rates for outlying years.



- The City has adopted rates through FY 2025.



- The County has adopted rates through FY 2024.



Follow-ups: Rate Setting and Cost Recovery (Water)



Service Provided	County Rate Components	City Rate Components
Water Supply and Treatment	County determines Minimum Quarterly Charges and Quarterly Consumption Charges . City bills County customers.	Infrastructure Charge and Variable Charge recovers the City's share of water supply and treatment costs.
Water Distribution	County recovers its costs through its Water Distribution Rate .	City's Infrastructure Charge and Variable Charge recovers the City's water distribution costs.
Fire Protection	Fire protection costs are recovered through the Water Distribution Rate .	City charges a Fire Suppression Fee .
Account Management	Included in the Water Distribution Rate .	Account Management Charge recovers water and wastewater Account Management Services.
Certain Water Line Construction Costs	The County sets a Benefit Assessment Rate to recover these costs.	Not applicable



Follow-ups: Rate Setting and Cost Recovery (Sewer)

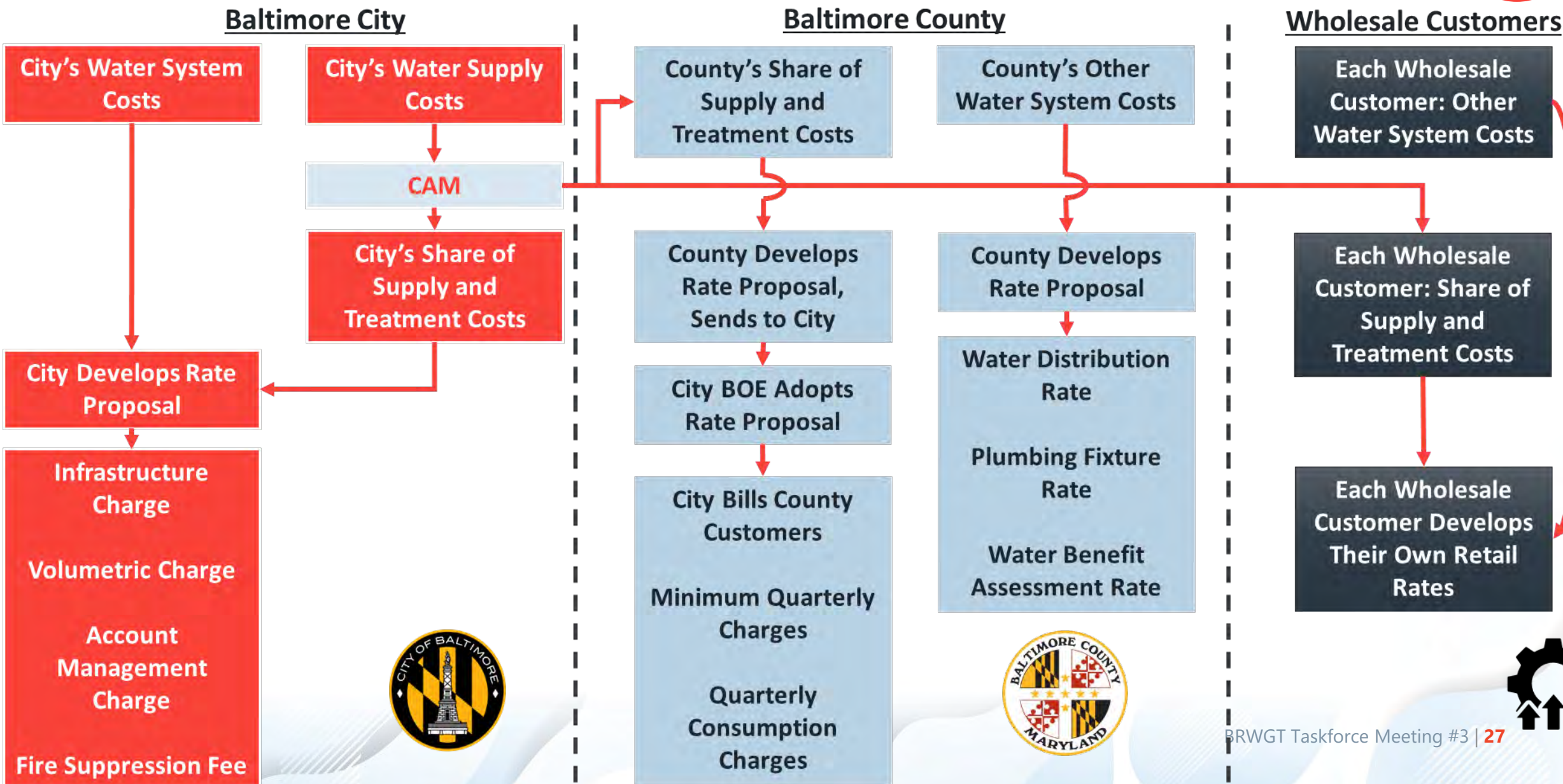


Service Provided	County Rate Components	City Rate Components
Sewer Collection	Sewer Service Rate recovers sewer collection costs.	Infrastructure Charge and Volumetric Charge recovers sewer collection costs.
Sewer Treatment	Sewer Service Rate recovers the County's share of sewer treatment costs.	Infrastructure Charge and Volumetric Charge recovers the City's share of sewer treatment costs.
Account Management	Recovery of Account Management services is included in the Sewer Service Rate .	Account Management Charge recovers water and wastewater Account Management Services.
Certain Sewer Line Construction Costs	Benefit Assessment Rate recovers these costs.	Not applicable



Follow-ups: Rate Setting

How Rates are Developed (Water)

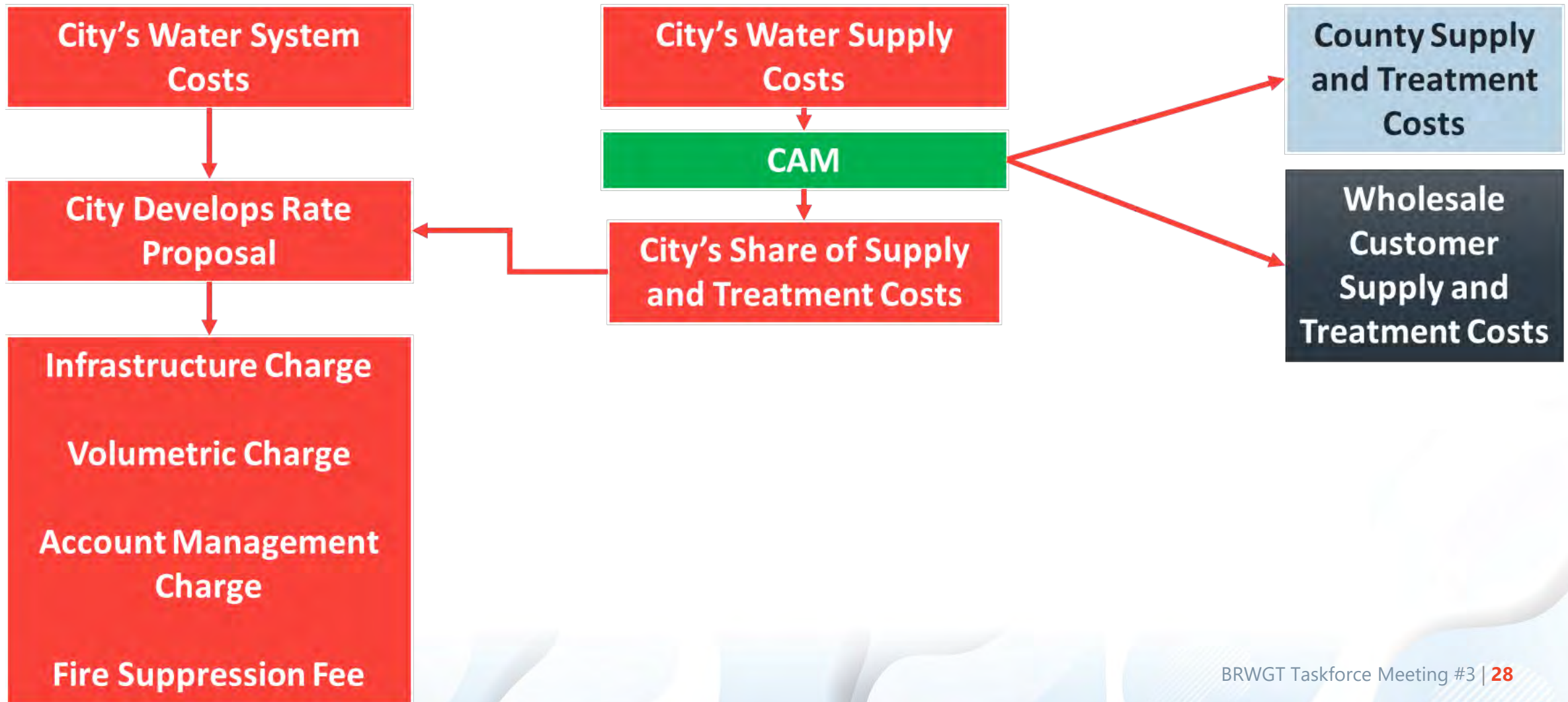


Follow-ups: Rate Setting

How Rates are Developed (Water, City)



Baltimore City

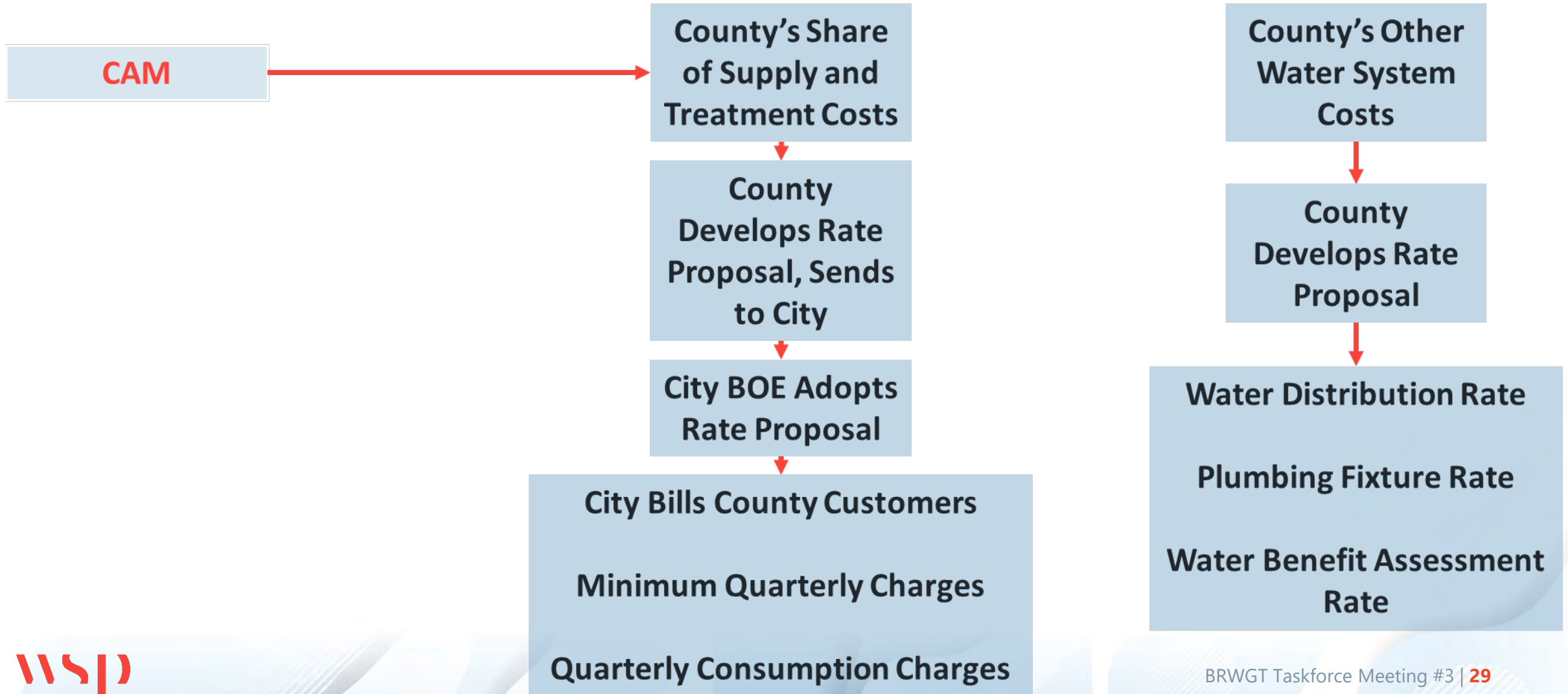


Follow-ups: Rate Setting

How Rates are Developed (Water, County)



Baltimore County



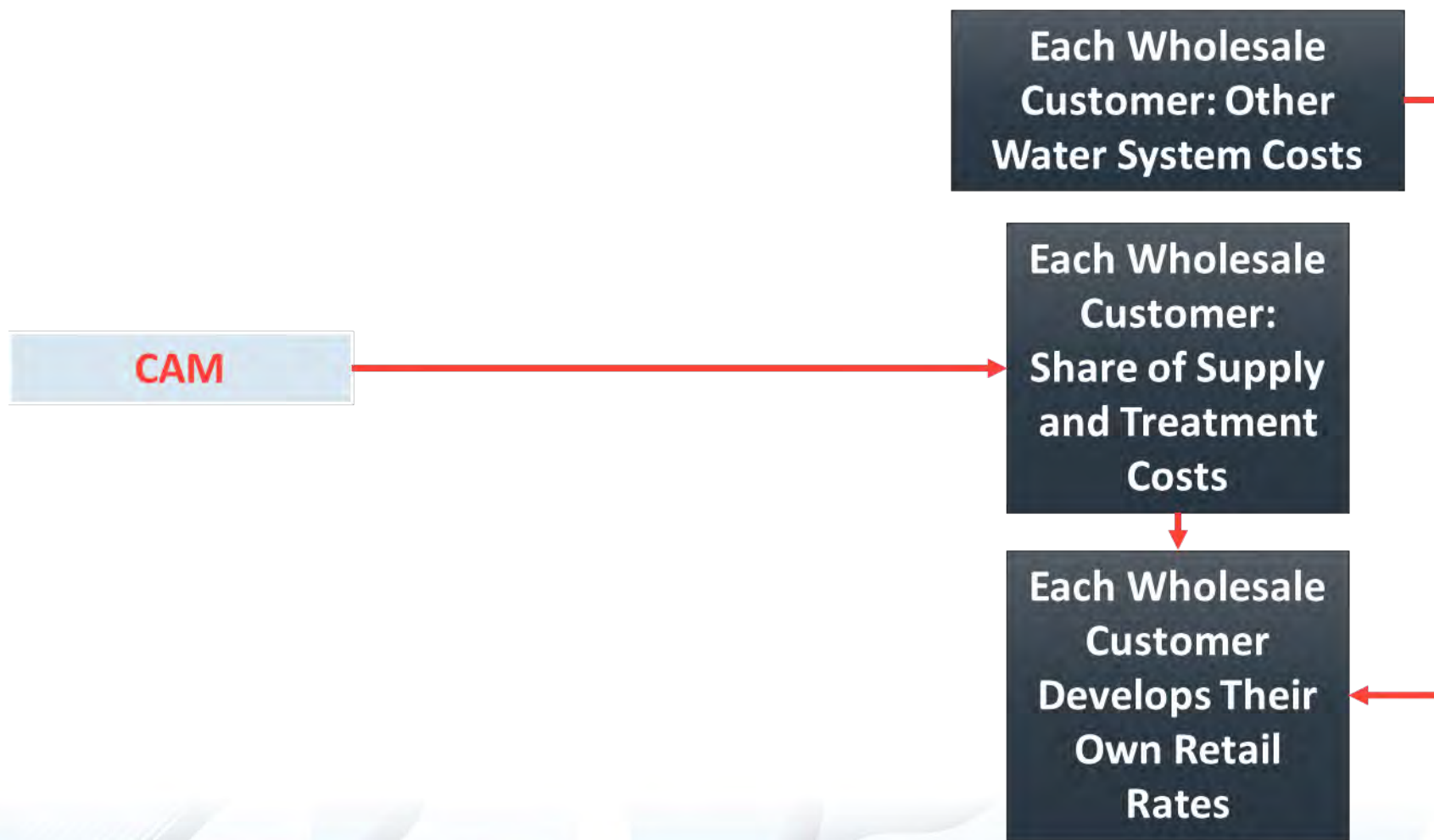


Follow-ups: Rate Setting

How Rates are Developed (Water, Wholesalers)



Wholesale Customers



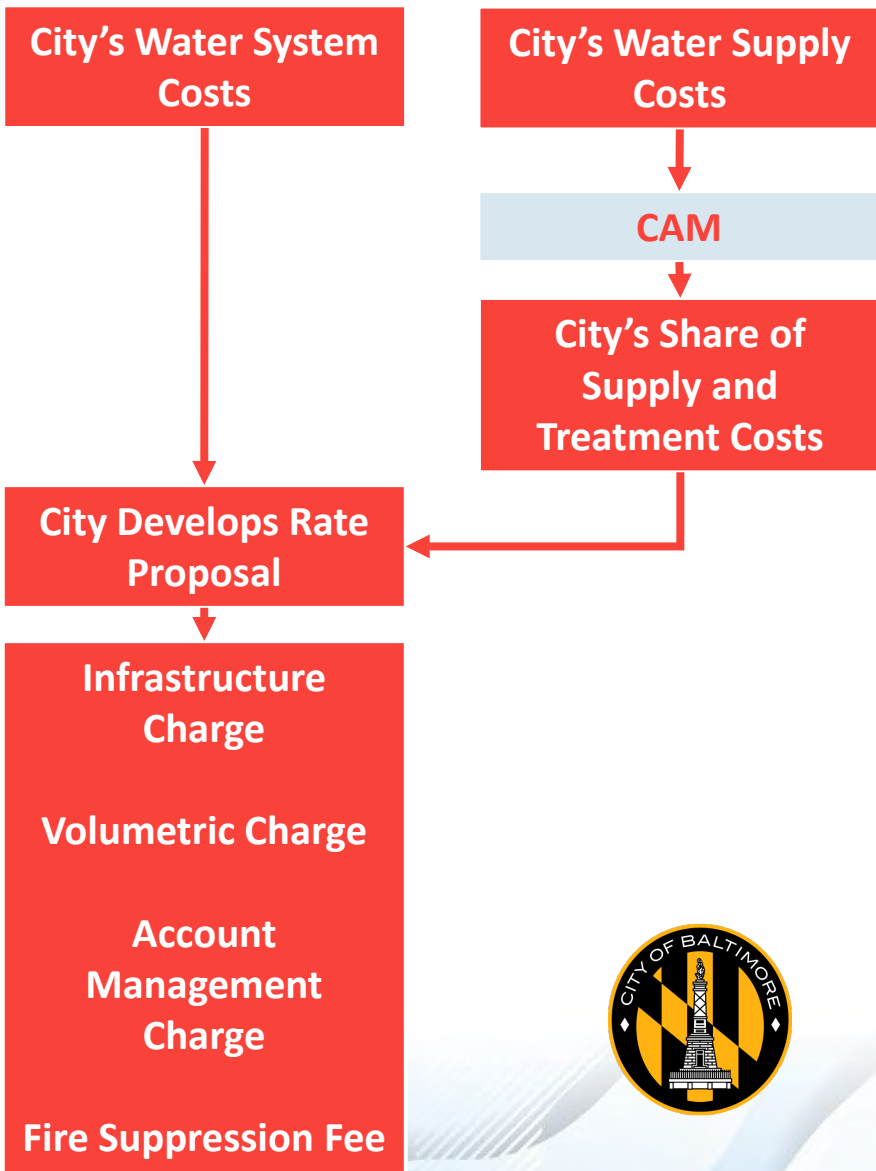


Follow-ups: Rate Setting

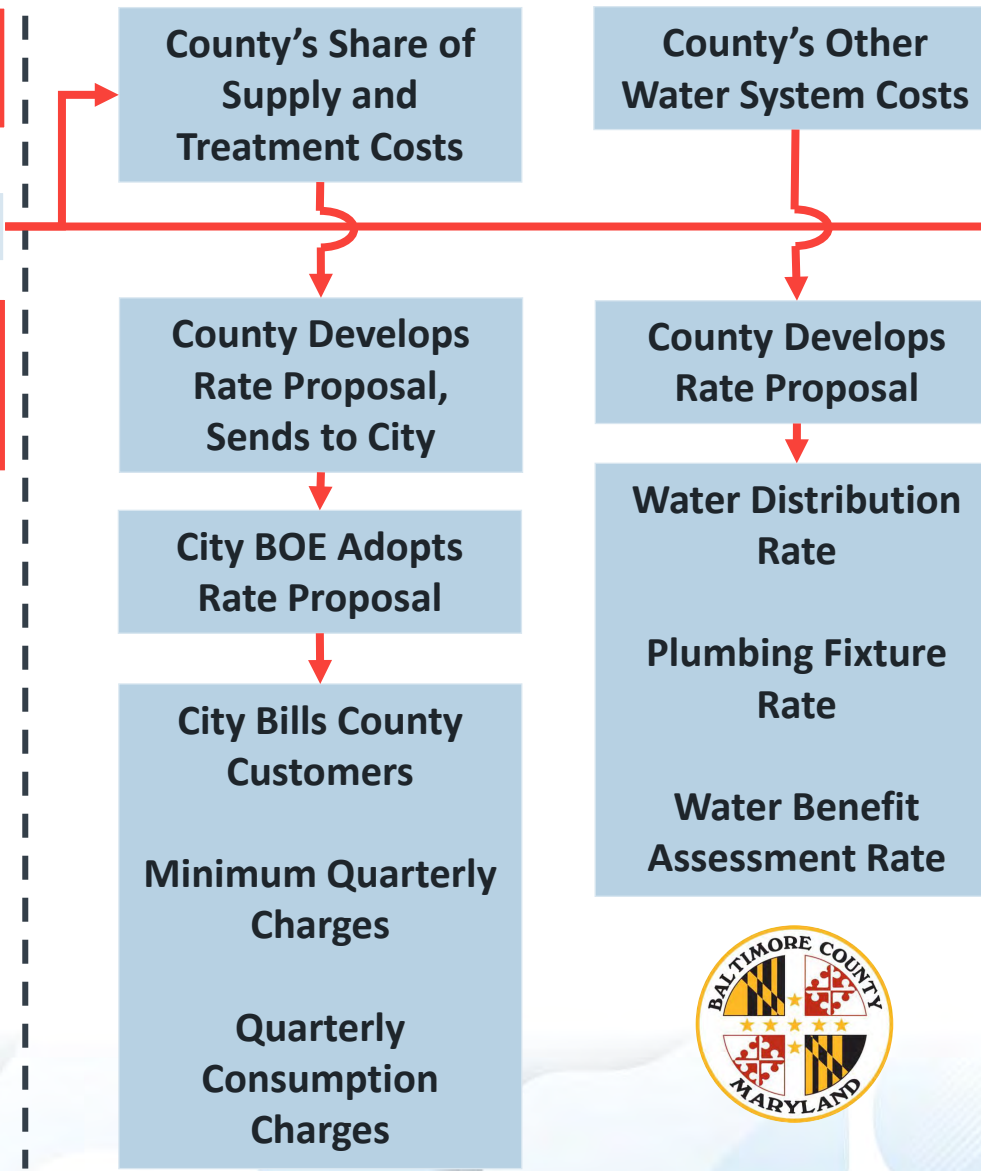
How Rates are Developed (Water)



Baltimore City



Baltimore County



Wholesale Customers



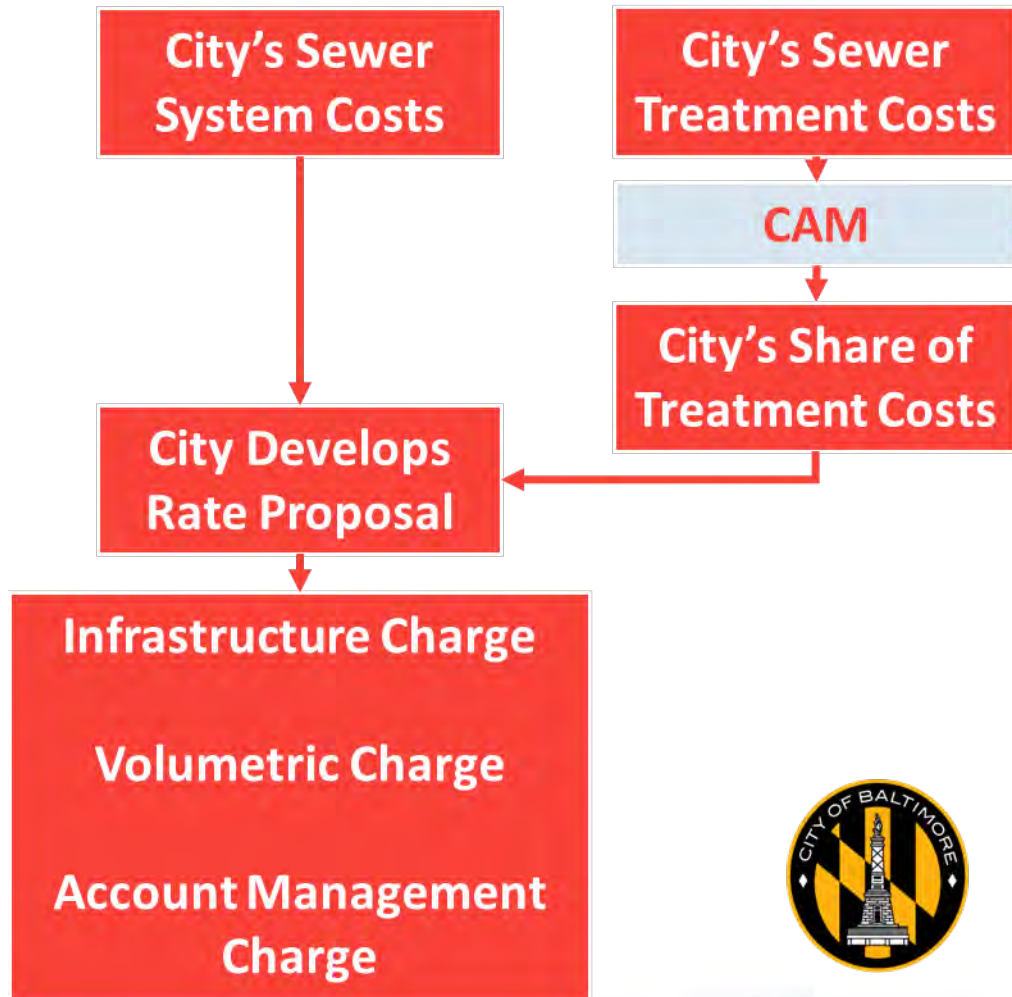


Follow-ups: Rate Setting

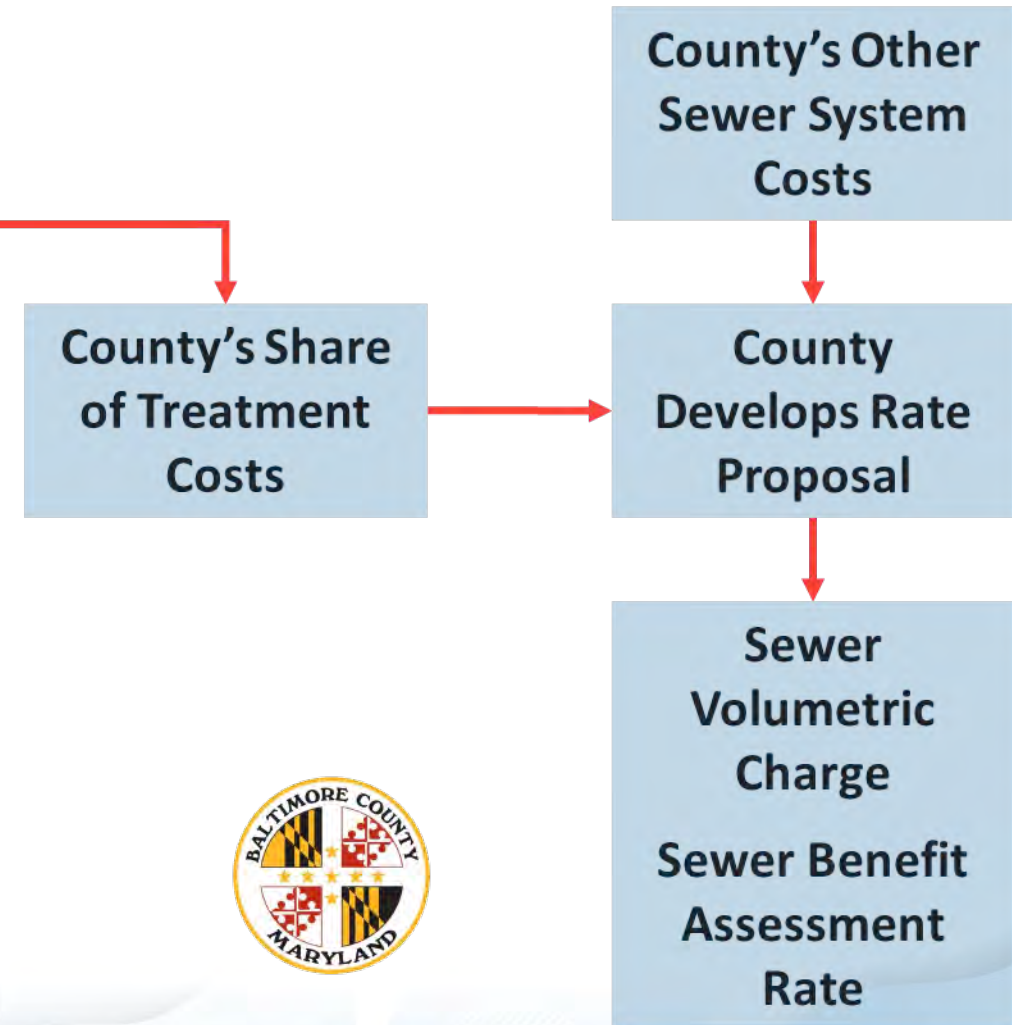
How Rates are Developed (Sewer)



Baltimore City



Baltimore County



Follow-ups: Rate Setting Water and Sewer Rate Structure (City)



Water and Sewer Bill Component	Amount (FY 2024)	Billing Frequency
Account Management Fee	\$4.59 per account	Monthly
Water Infrastructure Charge	For most residential customers: \$13.89 per account	Monthly
Water Variable Charge	\$3.85 per hundred cubic feet of water use	Monthly
Fire Suppression Fee	\$13	Monthly
Sewer Infrastructure Charge	For most residential customers: \$11.68 per account	Monthly
Sewer Volumetric Rate	\$10.15 per hundred cubic feet of water use	Monthly






Follow-ups: Rate Setting Water and Sewer Rate Structure (County)



Water and Sewer Bill Component	Amount (FY 2024)	Billing Frequency
Water Distribution Charge	For most residential customers: \$256.54 per account	Annual
Sewer Service Rate	\$74.75 per thousand cubic feet of water use	Annual
Minimum Quarterly Charges	For most residential customers: \$24.54 per account	Quarterly
Quarterly Consumption Charges	\$24.54 per thousand cubic feet of water use exceeding 1,000 cubic feet.	Quarterly
Water Benefit Assessment	\$2 per frontage foot	Annual
Sewer Benefit Assessment	\$1.20 per frontage foot	Annual



Follow-ups: Cost Allocation Model (CAM)

-  Review the Cost Allocation Model in more detail.
-  Discuss whether the existing cost sharing model/formula for O&M costs is adequate.
-  Provide details on the True-Up Process.
-  Provide details on how bulk rates for the County are set and revised periodically under the existing 1972 water and 1974 sewer agreements specifically, clarify whether there is scope for adjusting bulk rates under these agreements.
-  Across wholesale agreements (Anne Arundel, Howard County, Carroll County, etc.) have the payments been proportionate (by population) to share of expenses?



Follow-ups: Cost Allocation Model (CAM)

- Cost Allocation Model (CAM) is a spreadsheet-based set of cost calculations.
- Developed based on the 1972 Agreement (Water), and the 1974 Agreement (Sewer).
- There is a water CAM and a separate sewer CAM.
- The CAM calculates Water Supply and Treatment Costs for the City, the County, and Each Wholesale Partner.
- The CAM calculates Sewer Treatment costs for the City and the County.



Follow-ups: Cost Allocation Model (CAM) True-Up Process

- Audited financial data is used in the Cost Allocation Model (CAM)
 - available 6 months after Fiscal Year end
- Industry standard cost allocation methodology.
- CAM relies on usage reports from the Water Analyzer Office.
 - Usage compiled from two separate billing systems.
 - Differences in meter read frequency complicates data compilation.
 - Example: meter readings that span water use over two fiscal years
- City and County staff must come to an agreement on CAM results and produce True-Up Settlement Statements.



Follow-ups: Cost Allocation Model (CAM) Historical Wholesale Revenues

Historical Revenues from Wholesale Customers

Anne Arundel					
FY	County	Baltimore County	Carroll County	Harford County	Howard County
2013	\$496,626	\$107,574,697	\$482,904	\$275,899	\$13,871,179
2014	\$465,099	\$117,351,073	\$551,843	\$185,838	\$14,965,022
2015	\$478,139	\$114,042,928	\$576,566	\$265,127	\$16,093,911
2016	\$462,605	\$116,247,387	\$670,118	\$182,414	\$18,289,401
2017		\$125,685,877	\$676,833	\$155,532	\$16,554,401
2018		\$124,604,313	\$739,969	\$241,858	\$27,313,215
2019		\$132,030,063	\$638,068	\$524,304	\$26,055,254
2020		\$105,503,921	\$871,514	\$240,848	\$41,913,978
2021		\$158,725,770	\$1,236,806	\$454,255	\$1,709,878
2022	\$1,133,778	\$133,442,812	\$923,144	\$430,599	\$24,208,749



Follow-ups: Cost Allocation Model (CAM)

Historical Wholesale Revenues

- Payments are meant to recover costs based on cost recovery factors in the CAM.
- Among Wholesale Partners, there are differences in:
 - services provided (raw vs. treated water)
 - whether wholesale water is part/all of water supply
- Payments are proportionate to the share of expenses.

Follow-ups from Meeting #2 (1/4)

- Whether the existing cost sharing model/formula for O&M costs is adequate,
 - Response: described earlier in this presentation.
- Details on how bulk rates for the County are set and revised periodically under the existing 1972 water and 1974 sewer agreements specifically, clarify whether there is scope for adjusting bulk rates under these agreements
 - Response: Charges to the County are determined on an annual basis via the Cost Allocation Model.



Follow-ups: State Support



Detail the level of state support to Baltimore's water and wastewater sector (Capital vs. operating expenses)

- Compiling data requested and received from City and County.
 - Will be addressed in more detail during Meeting #4.



Follow-ups: Wholesaler Capital Improvements



Detail the cost sharing arrangements with the City's wholesale customers for capital improvements.

- Will be discussed in Meeting #4



Follow-ups: Future Capital Improvements



Provide impact of future capital costs over time

- Capital Improvement Project costs: later in this presentation as part of As-Is Scenario
- Impact of future capital costs: Task Force Meeting 4



Follow-ups: Outsourcing



Provide split between in-house and outsourced work including cost of outsourcing.

- Will be addressed in Meeting #4.
- Future discussions with City and County staff pending.



Follow-ups: Comprehensive As-Is Status



Provide comprehensive As-Is information on each of the Utilities.

- Discussed next in this presentation.

Fiscal Analysis: As-Is Scenario

As-Is Status

1. Overview: current revenues, expenses, bond ratings
2. Historical Capital Spending
3. Projected FY 24-FY 29 Capital Funding Sources
4. Consent Decree Costs

As-Is Status: Financial Status Overview - City



	FY 22, \$M
Baltimore City Water	
Operating Revenues	\$278.3
Expenses	
O&M	\$143.2
Debt Service Interest	\$43.4
Debt Service Principal	\$26.5
Baltimore City Wastewater	
Operating Revenues	\$277.9
Expenses	
O&M	\$162.4
Debt Service Interest	\$39.6
Debt Service Principal	\$51.7

- Debt coverage covenants met in FY 22
- AA Bond Rating
- Reserves: forthcoming
- Source: City FY 22 Annual Comprehensive Financial Report

As-Is Status: Historical Capital Spending - City



Baltimore City Historical Water and Sewer Capital Expenditures			
FY	Sewer Expenditures	Water Expenditures	Total Expenditures
2013	\$143.6	\$74.0	\$217.6
2014	\$197.7	\$56.8	\$254.5
2015	\$313.3	\$72.1	\$385.4
2016	\$344.9	\$158.7	\$503.6
2017	\$255.0	\$151.4	\$406.4
2018	\$207.5	\$181.5	\$389.0
2019	\$240.7	\$172.7	\$413.4
2020	\$251.9	\$143.4	\$395.3
2021	\$143.2	\$139.6	\$282.7
2022	\$160.9	\$93.4	\$254.3

Note: All expenditures are in millions of dollars

Source: City staff, 10/4/23

As-Is Status: FY 25-29 Capital Plan Funding - City



Baltimore City Projected Water and Sewer Capital Funding				
	Sewer System		Water System	
	FY 24 - FY 29		FY 24 - FY 29	
	Total, \$M	As %	Total, \$M	As %
Revenue Loans	\$802.4	56.8%	\$523.4	54.6%
Utility Funds	\$178.5	12.6%	\$204.1	21.3%
Federal/State Funds	\$0.0	0.0%	\$0.0	0.0%
County Grants	\$431.1	30.5%	\$231.5	24.1%
Other	\$0.0	0.0%	\$0.0	0.0%
Total	\$1,412.0	100.0%	\$959.0	100.0%

Source: City CIP FY24-29 Project Fund Summary

As-Is Status: Consent Decree Spending - City



- MCD Phase II spending to date: \$1.6 billion
- Estimated future costs: \$241 million.

As-Is Status: Financial Status County Overview



- Baltimore County's Metropolitan District provides water and wastewater services and is administered as a division of the County's Department of Public Works
- Metropolitan District budget combines water and wastewater.

As-Is Status: Financial Status County Overview



County Metropolitan District	FY 22, \$M
Revenues	\$374.5
Expenses	
O&M	\$201.6
Debt Service Interest	\$64.0
Debt Service Principal	\$65.2

- Debt coverage covenants met in FY 22
- AAA Bond Rating
- Reserves: forthcoming
- Source: County FY 22 Annual Comprehensive Financial Report

As-Is Status: Historical Capital Spending - County

Baltimore County Historical Water and Sewer Capital Expenditures			
FY	Fund 201 Expenditures (Sewer)	Fund 203 Expenditures (Water)	Fund 231 Total (Combined)
2013	\$83.8	\$42.0	\$125.8
2014	\$90.8	\$22.6	\$113.4
2015	\$80.4	\$32.1	\$112.5
2016	\$138.0	\$67.0	\$205.0
2017	\$108.5	\$100.1	\$208.6
2018	\$76.3	\$125.0	\$201.3
2019	\$133.2	\$92.6	\$225.8
2020	\$174.2	\$65.8	\$240.0
2021	\$106.6	\$106.3	\$212.9
2022	\$137.6	\$76.3	\$213.9

Note: All expenditures are in millions of dollars

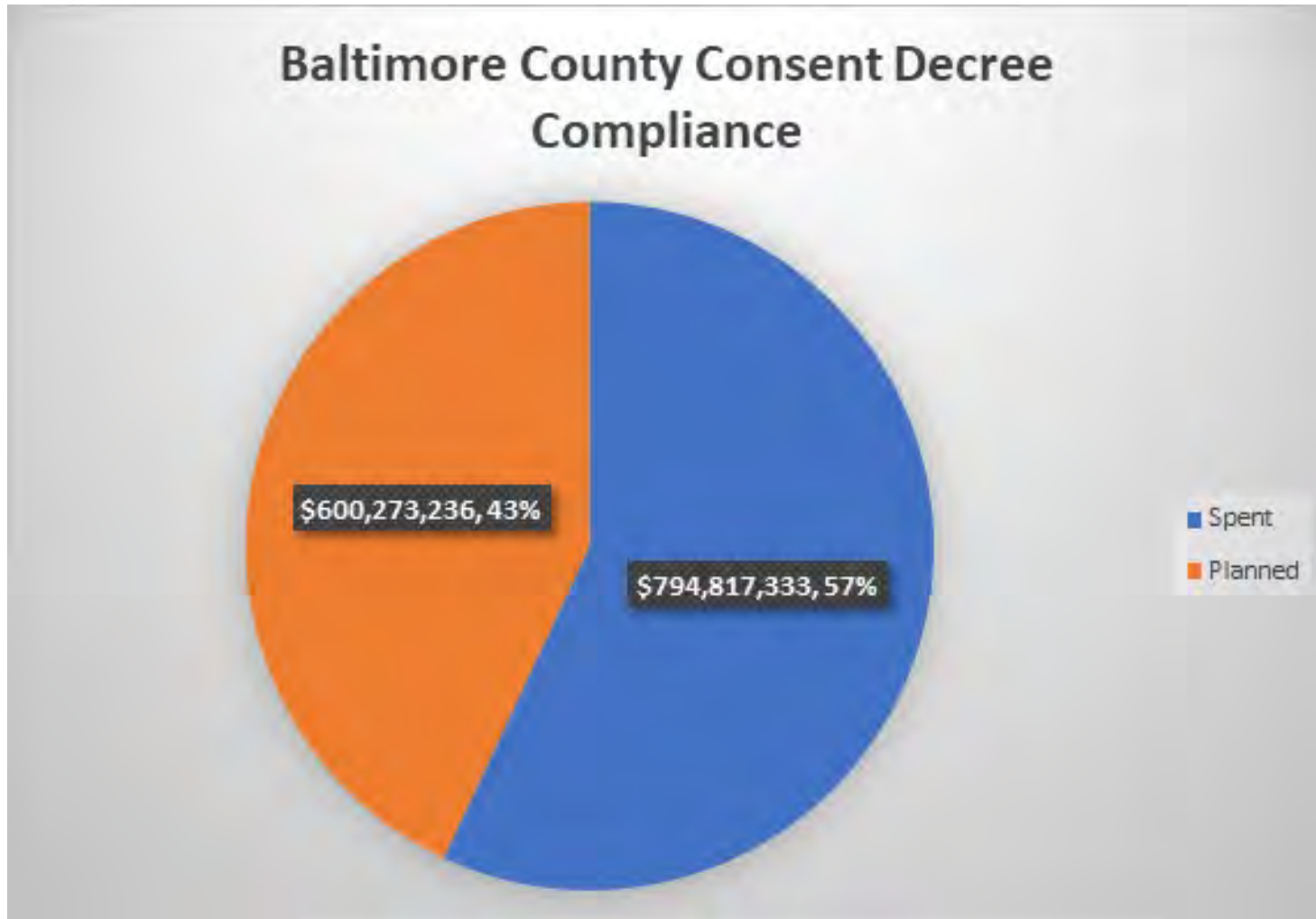
Source: County records, provided by County staff 9/29/23

As-Is Status: FY 24-29 Capital Plan Funding - County



Baltimore County Projected Water and Sewer Capital Funding				
	Sewer System FY 24 - FY 29		Water System FY 24 - FY 29	
	Total, \$M	As %	Total, \$M	As %
State Aid	\$5.0	0.4%		
Metro Construction Fund	\$113.0	9.7%		
Metro Bonds	\$996.3	85.3%	\$543.9	95.3%
Reallocated Metro Bonds			\$9.1	1.6%
Metro Debt Premium	\$26.1	2.2%		
Howard County	\$12.0	1.0%		
Anne Arundel County	\$6.0	0.5%		
MD Water Quality Rev Loan	\$9.0	0.8%	\$18.0	3.2%
BWI Airport	\$0.9	0.1%		
Total	\$1,168.3	100.0%	\$571.0	100.0%

As-Is Status: Consent Decree Spending - County



- \$1.4B Consent Decree Capital Past and Projected Costs
- 57% Spent
- 43% Remaining

Fiscal Analysis: HB 843 Criteria

Asset Leases

- **Current:**

- Asset leases are primarily vehicles and real estate
- Following up with City and County regarding:
 - If there are any long-term leases
 - Whether leases are transferrable

- **Governance Alternatives:**

- Task Force Meeting 4

Capital Costs

- **Current:**
 - Described earlier in this presentation
- **Governance Alternatives:**
 - Task Force Meeting 4

Billing and Collections

Current:

- 1972 Agreement
- Challenges:
 - City and County use different billing systems.
 - Meter reading schedule.
- Accounts receivable trend: Forthcoming
- Shutoff policies differ
 - City does not shut off utilities for non-payment.
 - Long overdue accounts are considered.
 - City and County have tax sale processes.
- In True-Up process: City takes more uncollectibles risk.
 - True-Up Settlement is based on billings not actuals.

Billing and Collections

- **Governance Alternatives:**

- Wholesale Governance Alternative:

- City would bill the County on a wholesale basis.
 - County would do its own retail billing for water supply.
 - Each entity would retain its billings/collections/shutoff policies.

- **Special District/Authority Governance Alternative:**

- Billing and collections consolidated into one entity.
 - Requires establishing a single set of billings/collections/shutoff policies
 - Transition to a single entity providing all services is required.

Rate Restructuring

- **Current:**

- Described earlier in this presentation

- **Governance alternatives:**

- Intermunicipal Agreement and Wholesale Governance Alternatives:
 - Each entity retains its own rate setting policies.
 - Wholesale: County would need to evaluate whether changes to its Water Supply rate setting policies are appropriate
 - Special District/Authority Governance Alternative:
 - Must reconcile the current differences in rate structure and rate discount programs between City and County.
 - Some amount of rate structure consolidation anticipated.

Debt Obligations

- **Current:**

- The City and County have approximately \$5.234 billion in long-term debt
 - \$3.149 billion for the City (\$1.454 billion water and \$1.696 billion wastewater)
 - \$2.085 billion for the County
 - Comprised of revenue bonds, revenue refunding bonds, taxable bonds, and special program borrowings such as WIFIA
 - Final maturity in [2050]
 - Various options for early redemption permit debt to be refunded if necessary or economic
- The debt is supported by financial commitments (“Covenants”) to lenders, including
 - A pledge of net revenues, with specific definitions of “revenues”
 - Rate-setting covenants requiring net revenues to meet or exceed specified margins
 - Tests for issuance of additional debt
 - Reserve requirements and other security covenants typical for municipal water and wastewater agency borrowings

[Note: outstanding debt as of June 30, 2022]

Debt Obligations

- **Governance Alternatives:**

	Options in which City and County continue their core debt financing functions	Options in which core debt financing functions are transitioned to a new governmental entity
Refunding	<ul style="list-style-type: none">• In this scenario, refunding of outstanding debt is not required	<ul style="list-style-type: none">• In this scenario, refunding of outstanding debt may be required, depending on the ability of the City and County to meet debt covenants post-restructuring• If refunding is required, the present value and annual costs are estimated as:<ul style="list-style-type: none">• City: [\$__] million NPV; [\$__] million annually• County: [\$__] million NPV; [\$__] million annually
New Money	<ul style="list-style-type: none">• Our debt analysis assumes that any new governmental entity would support new money debt financing going forward with financial covenants similar to those provided by the City and County.• With this assumption, the costs of new money financing would be similar across governance options	

The blanks above will be defined in Meeting #4 as part of the alternatives analysis.

Pension Liabilities



Current Baltimore City:

- Net Pension Liability of \$398,214(000s) as of June 30, 2021 under Employee Retirement System(ERS) Pension Plan
- As of June 30, 2021, ERS Plan membership consists of 18,572 total members
 - 8,332 Plan Members
 - 9,194 Retirees and beneficiaries currently receiving benefits
 - 1,046 Inactive plan members eligible to but not yet receiving benefits
 - The net pension liabilities relating to Water and Wastewater related plan members, retirees, and inactive plan members comprise _____%* of the City's Net Pension Liability.

**To be estimated based on more data to be made available by City and the County and discussed in Meeting #4*

Pension Liabilities



Current Baltimore County:

- Net Pension Liability of \$1,685,539(000s) as of June 30, 2021 under ERS
- As of June 30, 2021, ERS Plan membership consists of 18,274 total members
 - 9,339 Plan Members
 - 8,504 Inactive plan members currently receiving benefits
 - 431 Inactive plan members eligible to but not yet receiving benefits
- The net pension liabilities relating to Water and Waste-Water related plan members, retirees, and inactive plan members comprise _____%* of the County's Net Pension Liability.

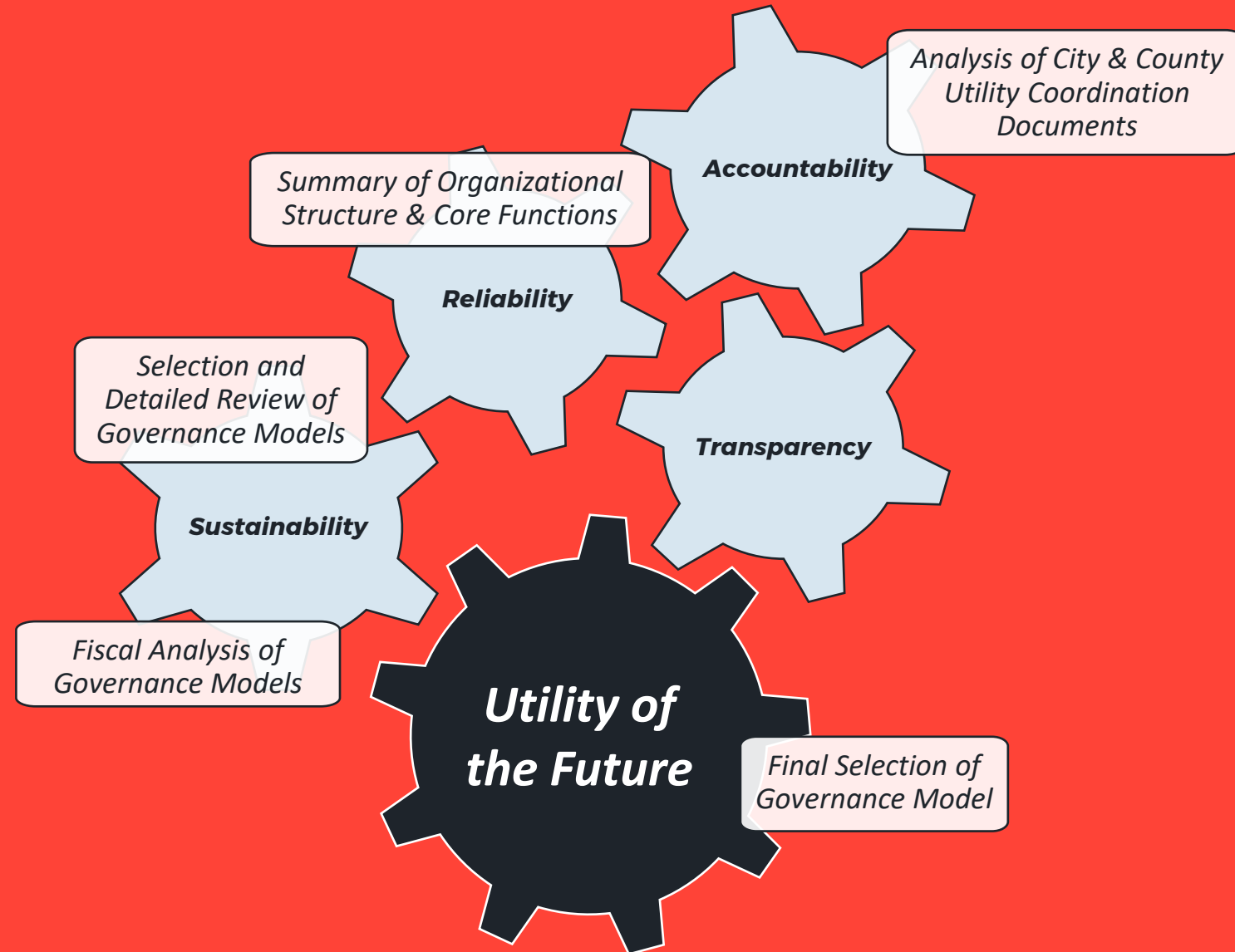
Governance Alternatives:

- It is assumed that all the staff under the new governance model would migrate to a [similar] salary and pension benefits plan.

Ongoing Evaluations of Key Issues

- Debt repayment or transfer options
 - Feasibility of Facility Use or Lease Agreements
- Pension approach
- Rate restructuring

Taskforce Discussion



Task Force Meeting #4

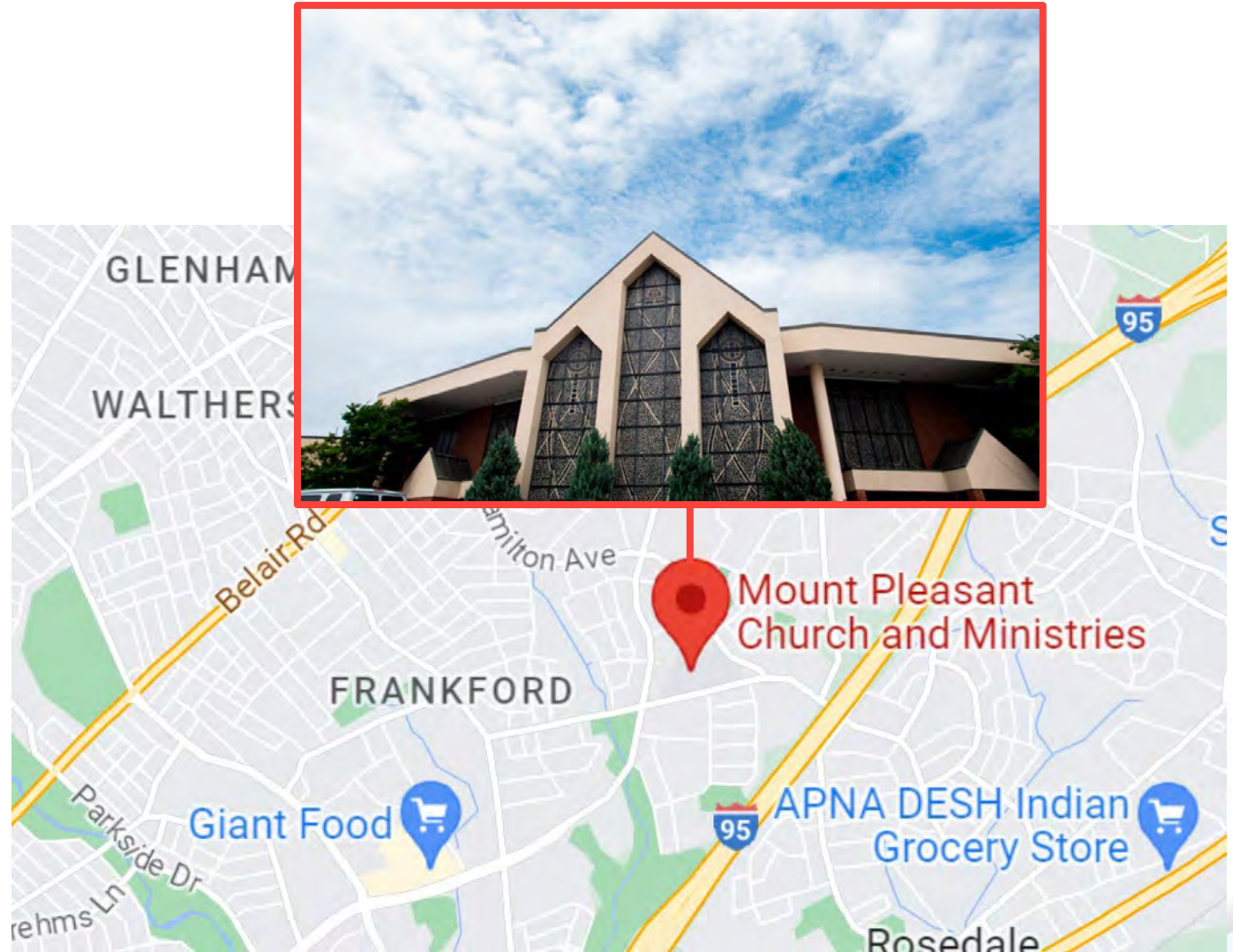
Taskforce Meeting #4: Final Fiscal Analysis

Wednesday, November 1

6:00 P.M. – 9:00 P.M.

*Mount Pleasant Church and
Ministries,*

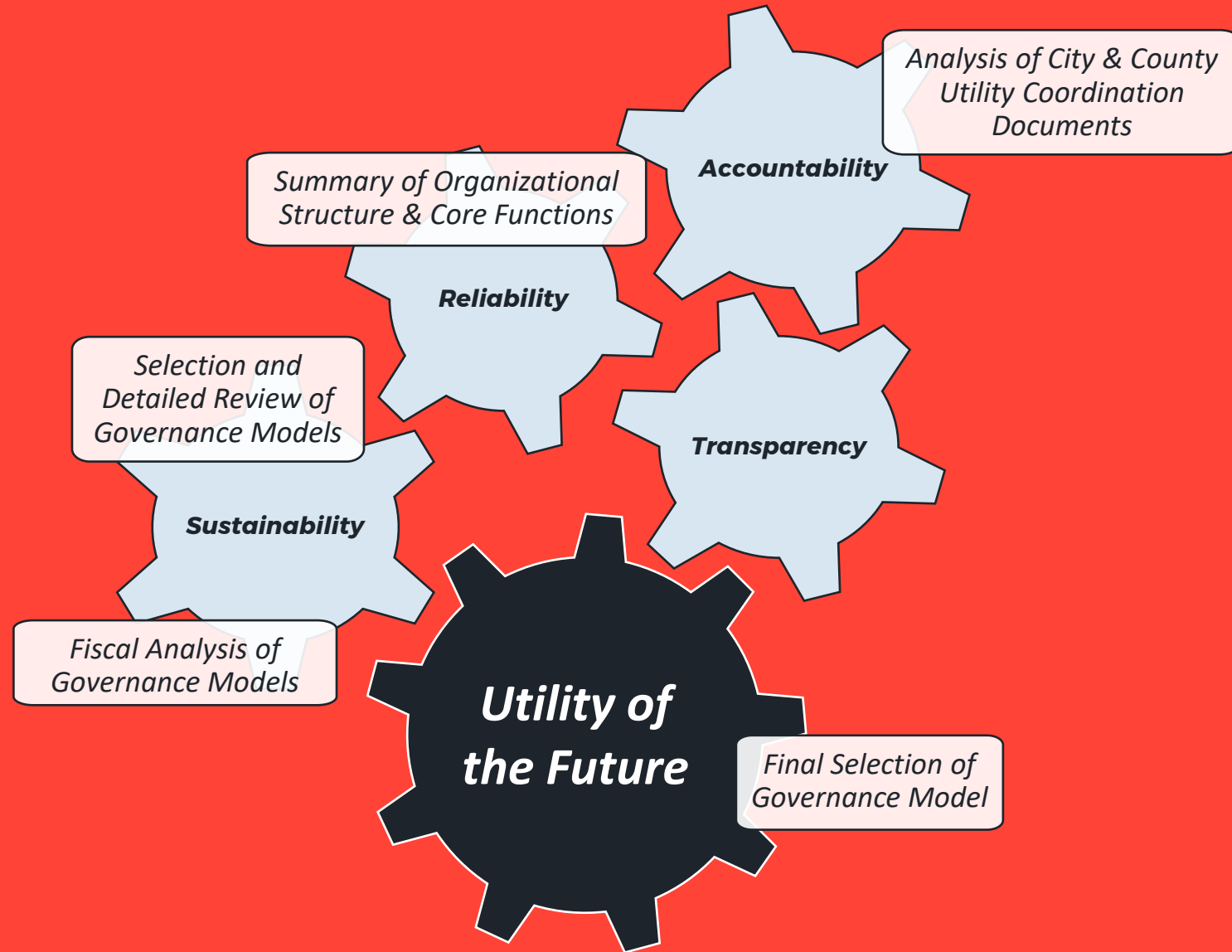
*6000 Radecke Ave, Baltimore,
MD 21206*



Break until 8:00 P.M.

Reminder: please sign up if you would like to comment or ask a question! Sign up sheets are available at the back of the room.

Public Comment



Taskforce Reconvenes

