BALTIMORE REGIONAL WATER GOVERNANCE TASK FORCE

MEETING #4 –FINAL FISCAL ANALYSIS

WEDNESDAY, NOVEMBER 1, 2023

6:00 – 9:00 P.M.

PUBLIC COMMENTS

List of Follow-ups from Meeting 4 for Future Meetings

1. In the Detroit example and establishment of Great Lakes Water Authority (GLWA), provide details on:
    a. Transition costs
    b. Impact of transition on rates in the region
    c. Pension payments to City employees
    d. Model contract and the rate structure within it
    e. Breakdown of the US$4 billion debt payment
    f. How is the US$50 million annual payment applied between pension payments and equity/affordability programs
    g. Variance (if any) between employee compensation at Detroit Water and Sewerage Department and GLWA for staff at equivalent positions
    h. Pension transition for existing and new employees.
2. For the Detroit and Tampa Bay Water examples, provide details on the Board's composition, term/duration(years), whether the terms are consecutive or staggered, how the Boards are chaired, and whether there are any de facto positions.
3. City to provide details on:
    a. State support for operating costs
    b. Determine what the collection procedures have been over the last few years and are now for commercial properties: are they put in tax sale for long delinquent unpaid water bills?
    c. Whether there has been a third-party independent audit of the integrity of the billing data base and invoicing accuracy of the fire suppression fee data since 2016
4. Clarify the proportion of the total water supplied to Anne Arundel County by Baltimore City.
5. Clarify in the information indicated in Slide 25 regarding how much Baltimore County receives from its wholesale partners for water and wastewater services it provides.
6. Provide actual City and County financial metrics for Days Cash on Hand, Debt Service Coverage Ratio and Debt to Operating Revenue supporting the City and the County's bond ratings.
7. Comment, to the extent possible, on factors that would have financial impact or that should be considered in case of transitioning to a regional authority model.
8. Describe the concept of having an independent Rate Setting Board within Model E (special district/water and wastewater authority).
9. Clarify the assumptions underlying the Net Present Value calculations of debt refinancing costs.
10. Describe options within Model E (special district/water and wastewater authority) that do not require debt refinancing.
11. Follow up with Maryland Department of the Environment on whether it would be permissible for existing loans to be assumed by a new entity under the same terms without the need for refinancing.
12. Confirm the following: In case the City were to decide to lease all or any portion of the water and sewer system assets currently on the City's books to another entity, what would be the disposition of these leased assets at the end of the Lease's term? Can the assets remain on the City's books during the term of the lease and thereafter?
13. Within Models C and D, explore the option involving the creation of a separate water and wastewater department within the City as opposed to at the Bureau level within the Department of Public Works. Check governance structure in the City of Atlanta (water and sewer).
14. Clarify the scope for governance improvements within Model C (intermunicipal agreements) and Model D (wholesale agreements).

No.			
1.	**Name: David Wheaton, NAACP Legal Defense Fund** **Comment:** In Detroit's case, there were 140,000 shutoffs after transition to a regional authority between 2014 and 2020 that disproportionately affected Black residents. In Tampa, after moving to a regional authority, multiple treatment plants were privatized. How are we going to make sure that privatization, an idea that Baltimore residents have already rejected, does not happen after transitioning to a new governance model? On lease payments, please consider what an equitable payment would be to the City of Baltimore considering these are the City's largest assets and that City residents have been paying into the system for several years.	In transitioning to a new governance model, consider: 1) how to ensure that there are no shutoffs after transition, 2) how to ensure privatization does not occur after transitioning, and 3) what an equitable lease payment to the City would be for leasing its assets to a new entity.	Thank you for your comment. The Taskforce has agreed not to recommend an option that would involve privatization of the water and wastewater system in the Baltimore region or the transfer of any asset ownership from the City. This comment will be recorded and the issues raised will be kept in mind as we work to select a new governance model and for any future implementation and policy work around the new model.
2.	**Name: Jorge Aguilar, Food and Water Watch** **Comment:** We are extremely concerned regarding the figures presented today that lead our organization to estimate the true cost of transitioning to a new system to be US$1.7 to US$2 billion. All of these costs will ultimately be passed on to Baltimore families. A new authority may need to refinance existing debt, leading to additional costs amounting between US$370 to US$725 million. However, there still are other unquantified costs, lease benefits, and unanswered questions. Our analysis of the transition in Detroit shows the new authority paid US$344 million in pension contributions and US$976 million in lease payments over the term of the transition, which could be passed on to customers. A similar situation in Baltimore would deepen the water affordability crisis that disproportionately affects Black residents. The Taskforce should seek to understand the equity implications of each governance model and determine how any additional costs might get passed down to customers. We are really disappointed that any Baltimore City official would be comfortable with transitioning away a system with assets worth over US$5 billion. We do not have much faith that privatization is off the table as it cannot be legally structured to avoid privatization in the future after the system is turned over to a new entity.	Refrain from making a recommendation to State officials without fully understanding the implications of each governance model, especially with respect to affordability, equity, and potential additional costs to Baltimore residents.	Thank you for your comment. The Taskforce has agreed not to recommend an option that would involve privatization of the water and wastewater system in the Baltimore region or the transfer of any asset ownership from the City. The concerns expressed are noted; and these will be addressed during the implementation phase. This comment will be recorded and the issues raised will be kept in mind for any future implementation and policy work around the new recommended model. There will be opportunities in the future to engage on implementation.

No.			
3.	**Name**: **Antoinette Ryan Johnson, President of CUB** **Comment:** Even though the legislation that created this Task Force asked for an assessment on how different governance models would address the issues of employee recruitment, retention, and training, the details on these assessments are missing. We are concerned about how issues relating to employee recruitment, retention, and training are being addressed. We are also concerned about employees being displaced from bargaining units and losing unionization rights.	Call for a salary study to examine why utilities are losing employees to competitors. Further, understand how the utilities can be more competitive in the market and retain employees. All water and sewer employees should remain in bargaining units and retain their unionization rights.	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.