

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 665 (Delegate Conaway)  
Environment and Transportation Education, Health, and Environmental Affairs

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**Baltimore City – Department of Public Works – Frozen–Pipe Prevention Rebate Program**

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This bill authorizes the Baltimore City Department of Public Works to establish a rebate program to assist customers with charges for increased water usage due to running a trickle of water through faucets to prevent pipes from freezing on designated Code Blue days. If the department establishes a rebate program, participation in the program is at the option of the customer and a rebate is to be provided on a per diem basis.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential decrease in Baltimore City revenues to the extent a rebate program is established. Baltimore City expenditures may increase to develop and administer the rebate program.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Baltimore City Bureau of Water and Wastewater is responsible for the operation of a water distribution system that supplies water to 1.8 million customers in the Baltimore Metropolitan Region. These responsibilities include the operation, maintenance, and security of three watershed systems; three filtration plants; pumping stations; and 4,500 miles of water distribution mains. The operation of the water distribution system is financed through the city’s water utility fund which totals \$202.8 million in fiscal 2018. Of this amount, \$185.6 million or 91.5% is funded through metered water charges from

customers throughout the Baltimore Metropolitan Region. As shown in **Exhibit 1**, Baltimore City customers account for 55.3% of the water charges in fiscal 2018, with Baltimore County customers accounting for 31.9% of water charges, and Howard County customers accounting for 11.6% of water charges. Customers in Anne Arundel, Carroll, and Harford counties account for 1.2% of water charges.

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**Exhibit 1**  
**Baltimore City – Water Utility Fund**

	<u><b>FY 2016</b></u>	<u><b>FY 2017</b></u>	<u><b>FY 2018</b></u>
<b>Metered Water</b>			
Baltimore City	\$88,139,500	\$95,165,000	\$102,636,479
Anne Arundel County	2,691,734	1,135,000	1,135,352
Baltimore County	53,386,132	57,083,000	59,214,815
Carroll County	670,118	703,000	772,978
Harford County	182,414	265,000	265,127
Howard County	18,289,401	19,632,000	21,576,448
<b>Subtotal</b>	<b>\$163,359,299</b>	<b>\$173,983,000</b>	<b>\$185,601,199</b>
<b>Other Charges</b>			
Special Water Supply Service	\$750,245	\$965,000	\$1,060,877
Private Fire Protection Service	812,387	773,000	746,765
Fire Hydrant Permits	146,501	56,000	55,551
Water Charges to City Agencies	17,240,553	7,550,000	9,805,425
Penalties	12,271,033	6,003,000	6,003,449
<b>Subtotal</b>	<b>\$31,220,719</b>	<b>\$15,347,000</b>	<b>\$17,672,067</b>
Other Revenues	\$582,099	\$481,000	\$380,920
Fund Balance	0	-2,590,384	-882,963
<b>Total – Water Utility Fund</b>	<b>\$195,162,117</b>	<b>\$187,220,616</b>	<b>\$202,771,223</b>

Source: Baltimore City Bureau of the Budget and Management Research

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**Background:** The Baltimore City Health Commissioner declares a Code Blue Alert during periods of extreme cold weather. Code Blue is a multi-agency effort to reduce hypothermia deaths during the winter months by protecting the homeless, seniors, and

other vulnerable populations in Baltimore City. The health commissioner may declare a Code Blue Alert based on the following criteria.

- When temperatures, including wind chill, are expected to be 13°F or below. This threshold can be reached by having a temperature at or below 20°F with 5 mph sustained winds or a temperature at or below 25°F with 15 mph sustained winds.
- When other conditions (*i.e.* strong winds, forecasted precipitation for more than two hours, extended periods of cold, sudden cold after a warm period) are deemed by the health commissioner to be severe enough to present a substantial threat to the life or health of vulnerable Baltimore citizens.

As shown in **Exhibit 2**, the number of days under a Code Blue Alert has ranged from 9 during the 2016/2017 winter season to 34 during the 2013/2014 winter season.

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**Exhibit 2**  
**Code Blue Alerts in Baltimore City**

<b>Code Blue Season</b> <b><u>(November 15-March 15)</u></b>	<b>Number of</b> <b><u>Code Blue Days</u></b>
2017-18 (data through 2/28/18)	20
2016-17	9
2015-16	16
2014-15	32
2013-14	34
2012-13	10
2011-12	11
2010-11	31

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**Local Fiscal Effect:** Establishing a frozen-pipe prevention rebate program in Baltimore City will most likely increase Baltimore City expenditures due to additional administrative costs while reducing water utility fund revenues due to the issuance of customer rebates. The amount of any revenue decrease depends on the number of customers who apply for a rebate and the amount of the rebate provided. According to Baltimore City government, the Department of Public Works advises customers who have experienced frozen water service in the past to run a trickle of water during extreme low temperatures to avoid freezing their water meter or water pipes.

Baltimore City advises that there is no way to determine whether a customer would be due a rebate as a result of running the water intentionally or if the customer has a leak since water meters cannot distinguish between a leak and a deliberate trickle of water. However,

it is likely that any customer rebate would be of minimal value. For example, the current cost for water is \$2.484 for every CCF (consumption in cubic feet) or 748 gallons used. This translates into a \$0.003 cost per gallon. In order to receive a \$5 rebate, a customer would have to use 1,667 gallons of water. By comparison, the Department of Public Works reports that a leaky faucet or shower head uses about 250 gallons of water per month.

In addition, Baltimore City will incur increased expenditures to administer the rebate program, to the extent it is established. Additional personnel may be required to calculate each individual customer's rebate based on the amount of water used and match usage to city Code Blue days. The Department of Public Works reports that the billing system would also need to be modified to accommodate the rebate program.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City; Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2018  
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