



**Written Testimony of David Wheaton  
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**Submitted to the Education, Energy, and Environment Committee of  
the Maryland State Senate  
In Connection with the April 2, 2024 Hearing**

My name is David Wheaton, and I am an attorney with the NAACP Legal Defense and Educational Fund, Inc. (LDF). LDF offers the following testimony in favor of SB 1174 with amendments. Founded in 1940 by Thurgood Marshall, LDF is the nation's oldest civil rights law organization advocating for racial justice. SB 1174 would establish the Baltimore Regional Water Governance Model Workgroup to study the regional water governance approach in the Baltimore region. Baltimore City provides water and wastewater services to approximately 1.8 million people in Maryland, many of whom are Black and low-income. Unfortunately, aging infrastructure due to systemic underinvestment at the state and national level has led to continuing problems with management, water quality, and affordability.

We are pleased that SB 1174 instructs the new Model Workgroup to develop an equity analysis to analyze how the shift to a regional water governance model affects vulnerable residents. We have two amendments that we propose adding to strengthen the bill. First, we would like the legislation to specify that the equity analysis must include a disparate impact study examining the impact of regionalization on particular racial groups. Second, the legislation should require the working group to not only analyze the financial effect of any possible transition, but require the working group to develop a plan to adequately compensate for any losses.

While the Regional Task Force recommends that the working group study regionalization long term, regionalizing Baltimore's water system will not solve critical problems that exist within Baltimore's water and wastewater system and could exacerbate the harms suffered by Black

Baltimore residents. Efforts to regionalize water systems in other jurisdictions such as Detroit and Birmingham have [hurt](#) Black communities. The regionalization of Detroit's utility system also deepened regional water and sewer insecurity and racial inequities. Between 2014 and 2020, more than [141,000](#) households in Detroit had their water service disconnected for non-payment. These shutoffs disproportionately, if not almost exclusively, impacted Detroit's Black residents.

Regionalizing Baltimore's water system could also remove \$5.4 billion in capital assets<sup>1</sup>—which represents 47% of the city's total capital assets—from city control. The Task Force report does not address how the city of Baltimore will be compensated for leasing its largest asset to a new entity, and there has been no effort to examine the economic feasibility of the city losing its largest asset. Removing such a large asset from the city could impact the bond ratings, future credit ratings, and have implications on the future financial health of the city.<sup>2</sup>

There are several questions that need to be answered by a new working group before it can recommend a regional authority governance model for the Baltimore water and wastewater systems. First, it must study the impact of a regional authority on low-income residents, who are disproportionately people of color. Will rates increase due to the transition cost? What measures will be taken to ensure that the most vulnerable residents do not suffer due to unaffordable water rates? The Task Force must also ensure that a regional authority makes fiscal sense for both Baltimore City and Baltimore County. The water and sewer systems are major assets that, if transferred out of their respective jurisdictions, could potentially have negative fiscal impacts.

Regionalizing Baltimore's water system is an incredibly important decision that will affect 1.8 million residents, many of whom are Black and low-income. Baltimore is already working to address a water affordability crisis which has had a disproportionate and detrimental impact on the City's Black neighborhoods.<sup>3</sup> Hastily rushing to establish a new governance model without doing critical analyses on how a new model will affect Black and low-income residents risks disproportionately harming Black residents in Baltimore. We urge you to pass SB 1174 with amendments in order to ensure that the Task Force will consider these vital issues.

Thank you for the opportunity to testify.

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<sup>1</sup> Baltimore City, MD, *Wastewater Utility Fund Financial Statements, June 30, 2021*, (February 15, 2022) at 4, [file:///C:/Users/dwheaton/Downloads/sewer%20\(1\).pdf](file:///C:/Users/dwheaton/Downloads/sewer%20(1).pdf); Baltimore City, MD, *Water Utility Fund Financial Statements, June 30, 2021*, (February 15, 2022) at 4, <file:///C:/Users/dwheaton/Downloads/water.pdf>

<sup>2</sup> Moody's Investor Services, *Rating Methodology: US Cities and Counties Methodology*, (November 2, 2022), <https://ratings.moody.com/api/rmc-documents/386953>

<sup>3</sup> NAACP Legal Defense and Educational Fund, *Water/Color: A Study of Race & the Affordability Crisis in American Cities*, June 2019, [https://www.naacpldf.org/wp-content/uploads/Water\\_Report\\_FULL\\_5\\_31\\_19\\_FINAL\\_OPT.pdf](https://www.naacpldf.org/wp-content/uploads/Water_Report_FULL_5_31_19_FINAL_OPT.pdf)