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MAYOR

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SB1174

April 2, 2024

TO: Members of the Education, Energy and Environment Committee
FROM: Nina Themelis, Director of the Mayor's Office of Government Relations
RE: Senate Bill 1174 – Baltimore Regional Water Governance Model Workgroup - Established

POSITION: SUPPORT

Chair Feldman, Vice Chair Kaga, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 1174.

SB 1174 would establish the Baltimore Regional Water Governance Model Workgroup to study the regional water governance approach in the Baltimore region; and require the Workgroup to report, on or before June 30, 2027, its findings to the Mayor of Baltimore City, the County Executive of Baltimore County, the Governor, and the General Assembly.

This is a continuation of HB 843 (2023) and Senate Bill (SB) 880 (2023) which were jointly drafted by Baltimore City and Baltimore County and introduced during the 2023 Maryland General Assembly. These bills were passed and signed by the Governor. The bills established a Baltimore Regional Water Governance Task Force to review specified findings, assess alternative governance structures for the Baltimore region's water and wastewater utility, analyze the fiscal implications and efficiencies of each alternative governance structure, and make a recommendation regarding the governance model best suited for water and wastewater systems in the Baltimore region, as well as the legislation and funding necessary to establish the recommended model. The Task Force consulted with the Maryland Department of the Environment and the Maryland Environmental Service when developing its recommendations.

The members of the Task Force were appointed and beginning in September 2023, held a series of 6 public meetings to openly deliberate on alternative governance models. At the final meeting held on January 25, 2024, the Task Force voted on and approved its findings and recommendations, including:

- Studying the potential of returning/establishing existing Water & Wastewater bureaus or functions as separate, standalone Water Departments (Water, Wastewater, Stormwater).
- Proposing to establish a professional advisory committee to enhance the current operations and ensure accountability to all ratepayers of the system.
- Advising a thorough evaluation of threshold issues by a dedicated, professional workgroup before considering any regional governance structure, and recommending the optimal regional governance structure that addresses each threshold issue and other identified concerns.
- Acknowledging that the ideal solution may differ from the regional structure proposed by the Task Force's consultant by exploring other regional governance models, such as a compact commission.
- Recommending the General Assembly to pass legislation in the 2024 Session to establish a professional working group with sufficient allocated resources to research and evaluate the threshold issues involved in establishing a regional governance model.

SB 1174 would implement the Task Force's recommendation to establish a professional workgroup that would thoroughly research and evaluate the identified and potential threshold issues inherent in establishing a preferred regional governance model for the Baltimore region. The workgroup would mirror the composition of the Regional Task Force and would have 3 years in which to perform its mandate. The Governor would be required to appropriate \$500,000 in the State's FY26 annual budget to hire independent consultants to assist the workgroup. Baltimore City Department of Public Works estimates that the cost for the workgroup to the department for three years in time and resources will be over \$3,000,000 and the department is prepared to support the workgroup. The report of the workgroup's findings would be due to the Mayor of Baltimore City, the Baltimore County Executive, the Governor, and the General Assembly on or before June 30, 2027, the last day of the workgroup before it would sunset.

For these reasons, the Baltimore City Administration respectfully requests a favorable report on SB 1174.