

**WATER RATE BOARD
FISCAL YEAR 2027 BUDGET TESTIMONY**

INTRODUCTION

Please find below written testimony in support of the Philadelphia Water, Sewer and Storm Water Rate Board's Fiscal Year 2027 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Philadelphia Water, Sewer & Storm Water Rate Board's mission is to independently set fair and reasonable rates and charges for water, sewer, and stormwater services within the City, ensuring adequate funding for the Philadelphia Water Department under the standards set by City Council while balancing the needs of the City and its residents and businesses.

- **Independent Rate Setting:**

The board operates independently to ensure a balanced approach to rate-setting, taking into account the interests of small residential customers, small businesses, and other customers as well as the needs of the Water Department and the City as a whole.

- **Fair and Reasonable Rates:**

The board's goal is to establish rates that are fair, affordable, and reasonable to customers and provide sufficient funding for the Philadelphia Water Department's operations and capital needs.

- **Public Involvement:**

To arrive at rate decisions, the board conducts hearings and considers testimony and documentation from the Water Department, a Public Advocate funded by the board, and other individuals and groups that register as participants in rate proceedings. Participants may also request and exchange information, and other members of the public may testify at public hearings or provide written comments. The board posts the entire record on its website, ensuring transparency.

Through these public input processes, the Board regularly receives comments from individuals and organizations raising concerns regarding the affordability of water, sewer, and stormwater services. The Board recognizes and appreciates these concerns and has, in prior proceedings, encouraged the Philadelphia Water Department, the Water Revenue Bureau, and the Public Advocate to continue working collaboratively to address affordability challenges.

- **Financial Stability:**

The board plays a role in maintaining the financial stability of the Philadelphia Water Department, ensuring it can meet its immediate and long-term operating and capital needs and that these needs will not require spikes in rates.

- **Affordability:**

Pursuant to City Ordinance adopted in 2015, the Rate Board has approved discounted rates for customers with household incomes below 150% of the poverty line. These rates are set based on a percentage of the customers' income rather than the full rate charged to other customers. More than 60,000 low-income households are currently served under this discounted rate.

The Board also acknowledges that past settlements have included commitments that provide tangible benefits to customers, including measures that promote affordability. While certain of these commitments extend beyond the Board's authority to mandate, the Board has recognized that such voluntary measures can provide meaningful protections and improvements for customers. Accordingly, the Board has

WATER, SEWER AND STORM WATER RATE BOARD

considered these commitments as a positive component of prior settlements and as additional support for the approval of the rates and charges reflected therein.

- **Cost Allocation:**

The board aims to provide a fair allocation of costs among different customer groups, based on cost-of-service principles.

- **Established in 2015:**

The voters amended the Home Rule Charter in 2012 to authorize Council to establish an independent rate-making body to fix and regulate rates and charges of the Water Department, replacing the prior method of having the Department itself determine the rates. Council used this authority by ordinance approved in January 2014 and confirmed the Mayor's initial appointments of board members in February 2015. The Philadelphia Water, Sewer and Storm Water Rate Board adopted its first Report, now called a Rate Determination, in June 2016 for rates that went into effect on July 1, 2016.

Plans for Fiscal Year 2027:

The board's five members are unpaid volunteers. The board has two Law Department positions, an Office Manager and a Deputy City Solicitor, in return for both administrative and legal services from the Law Department. In the future, the board plans to incorporate interpretation and translation services into the board's existing budget and operations.

WATER, SEWER AND STORM WATER RATE BOARD

PROPOSED BUDGET OVERVIEW & OTHER BUDGET DRIVERS

Water Fund Financial Summary by Class						
	FY25 Original Appropriations	FY25 Actual Obligations	FY26 Original Appropriations	FY26 Estimated Obligations	FY27 Proposed Appropriations	Difference: FY27 Proposed-FY26 Estimated
Class 100 - Employee Compensation	\$59,652	\$59,652	\$193,492	\$172,458	\$183,312	\$10,854
Class 200 - Purchase of Services	\$745,700	\$480,532	\$745,700	\$745,700	\$745,700	\$0
	\$805,352	\$540,184	\$939,192	\$918,158	\$929,012	\$10,854

Contracts Summary (Professional Services only)						
	FY23	FY24	FY25	FY26	FY26 YTD (Q1 & Q2)	FY27 Projected
Total amount of contracts	\$154,529	\$55,887	\$470,000	\$167,088	\$167,088	\$682,500
Total amount to S/LBE	N/A	N/A	N/A	N/A	N/A	N/A
Total amount to M/W/DSBE	\$0	\$0	\$0	\$0	\$0	
S/LBE Participation Rate	N/A	N/A	N/A	N/A	N/A	N/A
M/W/DSBE Participation Rate	0%	0%	0%	0%	0%	

**S/LBE not yet available as the City works to build the S/LBE registry and begin setting small and local business participation goals.*

Total S/LBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY25	FY26	FY27 Projected
S/LBE Contract Participation Goal	N/A	N/A	N/A

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WATER, SEWER AND STORM WATER RATE BOARD

Proposed Funding Request:

The proposed Fiscal Year 2027 Water Fund budget totals \$929,012, an increase of \$10,854 over Fiscal Year 2026 estimated obligation levels. This increase is primarily due to Citywide exempt employee raises.

The proposed budget includes:

- \$183,312 in Class 100, a \$10,854 increase over FY26 estimated obligation levels due to exempt employee raises. This funding will support the board's staffing needs.
- \$745,700 in Class 200, level with FY26 estimated obligations. This funding will support the board's contracted service needs.

STAFFING LEVELS

The department is requesting two budgeted positions for FY27, level with FY26.

Employment Levels (as of November 2025)			
	FY26 Budgeted	Filled as of November 2025	FY27 Proposed
Number of Full-Time Positions	2	2	2
Number of Exempt Positions	2	2	2
Number of Executive Positions (deputy level and above)		2	
Average Salary of All Full-Time Positions		\$84,156	
Median Salary of All Full-Time Positions		\$84,156	

NEW HIRES

WRB had no new hires in FY26.

VACANCY RATE AND ALLOWANCE

WRB's budget does not include a vacancy allowance as it only has two employees.

WATER, SEWER AND STORM WATER RATE BOARD

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

N/A

WATER, SEWER AND STORM WATER RATE BOARD

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY26											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE and SBE Participation Achieved	\$ Value of M/W/DSBE and SBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business	Waiver for Living Wage Compliance?
Kathryn G. Sophy	General Consultant Services - Hearing Officer	\$100,000	10/28/2025	1/1/2026	MBE: BGFE	0%	\$0	0%	\$0	No	No
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				
Amawalk Consulting Group, LLC	General Consultant Services - Technical Consultant	\$17,088	10/13/2023	12/2/2025	MBE: BGFE	0%	\$0	0%	\$0	No	No
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				

Non-Profit Vendor Demographics		
Community Legal Services, Inc.	Minority %	Female %
Workforce	53.0%	71.0%
Executive	44.0%	78.0%
Board	56.0%	63.0%

The Water, Sewer and Storm Water Rate Board does not have program-based budgeting.