



CITY OF PHILADELPHIA

Office of the Managing Director
MICHAEL DIBERARDINIS
Managing Director

1401 John F. Kennedy Boulevard
Suite 1430
Philadelphia, PA 19102-1683

March 2, 2018

Commissioner Debra McCarty
Philadelphia, Water Department
1101 Market Street, 5th Floor
Philadelphia, PA

Dear Commissioner McCarty:

Currently, the Fire Department pays approximately \$8 million from their General Fund allocation to the Water Department for the cost of maintaining a water distribution system capable of providing fire protection across the city. In return, the Water Department maintains hydrants, adequate capacity in the water mains and delivers water service to fight fires.

The Managing Director's Office and the Fire Department are recommending that the costs associated with fire protection which are currently borne by the tax payers be transferred to the water rate payers. This is not unlike how other large municipalities address these costs.

From a policy perspective, the Water Department's services as they relate to the Fire Department are more appropriately assigned to rate payers rather than tax payers. Rate payers, those who own structures in the City, directly benefit from fire protection services. Tax payers is a broader group of individuals, many of whom do not directly benefit from loss of a structure due to a fire. These individuals include individuals purchasing goods and services, employees that reside outside the City and visitors to the City.

Further, rate payers benefit by the Fire Department's a Class 1 Public Protection Classification issued by the Insurance Service Office, which may lower property insurance premiums.

In conclusion, it is the Administration's position that the charges for fire protection should be transferred from the tax payer to the water rate payer.

Sincerely,

Brian Abernathy
First Deputy Managing Director