

# **UTILITY ADVISORY BOARD AGENDA**

Thursday, April 12, 2018 – 5:15 p.m.  
Lemon Creek Shop  
5433 Shaune Drive

**I. CALL TO ORDER**

**II. APPROVAL OF AGENDA**

**III. APPROVAL OF MINUTES**

March 8, 2018 Draft UAB Meeting Minutes

**IV. PUBLIC PARTICIPATION**

**V. ACTION ITEMS**

- i. UAB Annual Report

**VI. INFORMATION ITEMS**

- i. Tabled Items from March 8, 2018 Meeting
  - 1. Pending Board Matters – K. Buckland
  - 2. Policies and Procedures – K. Buckland
  - 3. Orientation – K. Buckland
  - 4. Staff Liaison's Roles – Staff
- ii. UAB Role/Priorities – L. Vance
- iii. Comparison Information– L. Vance
  - 1. Who is Paying to Fix Outdated Water and Sewer Systems? You Are
  - 2. New York City's Sewage Shipment Runs Afoul in Rural South

**VII. NON-AGENDA ITEMS**

**VIII. ADJOURNMENT – Next Meeting, May 10<sup>th</sup>**



# UTILITY ADVISORY BOARD

## DRAFT MINUTES

Thursday, February 8, 2018 – 5:15 p.m.  
Mendenhall Wastewater Treatment Plant  
2009 Radcliffe Road

**Board Members Present:** Leon Vance – Chair; Geoff Larson – Vice-Chair; Bryan Farrell; Andrew Campbell; Janet Hall Schempf (telephonically); Grant Ritter; Kevin Buckland

**Board Members Absent:** None

**Staff Present:** Roger Healy; Autumn Sapp; Holly Kveum

### I. CALL TO ORDER

The meeting was called to order at 5:17 p.m. by Chair Vance.

### II. APPROVAL OF AGENDA

Agenda was approved without amendment.

### III. APPROVAL OF MINUTES

February 8, 2018 Draft UAB Meeting Minutes- Mr. Campbell motioned to approve the minutes with minor amendments. Motion passed with no objection.

### IV. PUBLIC PARTICIPATION

None.

### V. ACTION ITEMS

None.

### VI. INFORMATION ITEMS

- i. Annual Report Review: Mr. Healy introduced the 2017 Annual Report to the Board, noting that it was an abbreviated report in comparison to the last submission, and asked for questions or requested edits. Ms. Hall Schempf asked that staff clarify calendar and fiscal years, and asked that “FY” be removed from the title “FY2018 Board Meetings and Membership”. Ms. Hall

Schempf also inquired about what types of meetings to include within the report. Discussion of meeting types ensued, and the Board requested that an additional table be added to include non-mandatory meetings. Mr. Campbell expressed concern regarding the language for water rates. Mr. Farrell suggested adding in the fiscal years to clarify the timeframe and that it would allow for reevaluation of the fund balance at that time. Mr. Campbell agreed to the change. Mr. Campbell also asked staff and the Board about the Capital Improvement Project forecast and if it should be six or ten years. Mr. Healy answered that the City uses a six-year forecast, but the rate model uses a ten-year forecast. Discussion ensued. Ms. Sapp asked the Board if they would like the last sentence changed to clarify the difference- the Board agreed that the current language was acceptable. Mr. Campbell reiterated that FY2029 should be added to the sewer rate recommendation and FY2024 to the water rate recommendation. Mr. Farrell asked that both recommendations include FY2024. The Board agreed with the requested edit. Vice- Chair Larson added one suggestion in the Board's objectives: to include an asset valuation model/assessment. Mr. Farrell asked if that should be in one solicitation or two. Staff encouraged the members to include them as two separate requests. Mr. Campbell asked Staff if the report could be reviewed once more with the requested revisions. Ms. Sapp answered yes, that the final report was due in late April, and that Staff will bring the report back to the next meeting for final review and approval. Mr. Buckland brought forward the language in the Advisory Board Resolution that discusses a minority report and presentation and asked if such a report had ever been submitted. Chair Vance answered that he believed it had happened with the Biosolids Project, but not with the Board's Annual Report. Discussion ensued about the report and its purpose. Mr. Campbell asked Mr. Buckland if he intended on submitting a minority report, and Mr. Buckland answered that he still felt strongly that the Board should recommend a one-year rate increase rather than a five-year increase, and evaluate rate structures during that time period, and that he would be inclined to include a minority report if that wasn't achieved in the Annual Report. Mr. Campbell expressed concern about the unity of the Board. Vice- Chair Larson added that the inclusion of the solicitations for information and proposals for a new rate study were added to address Mr. Buckland's concerns. Discussion ensued regarding the financial health of the Utilities and the different methodologies of achieving a sound fund balance. Mr. Buckland added his concern that identifying different user groups/rate structure was included in the 2003 rate study, but never addressed. Mr. Campbell added that the Board has identified areas that need improvement, and that they have the ability to recommend something different in the future, but that the 2.5% increase for wastewater will achieve a healthy fund balance in the interim. Vice-Chair Larson added that a line could be inserted at the beginning of the rate recommendation that the Board will be monitoring the financial health of the Utilities and will make

recommendations to the Assembly as needed; Chair Vance requested that the language be included. Chair Vance added that the final draft should be circulated before the next meeting, and requested edits be sent to staff; if they are substantial, they would be addressed at the meeting.

- ii. Pending Board Matters- Ms. Sapp told the Board the following informational items were requested by Mr. Buckland and asked Mr. Buckland to lead the discussion. Mr. Buckland told the Board as a new member he was having difficulties finding information of what was assumed to be lost institutional knowledge, and proposed including a report at each meeting that included a list with the Board's goals, objectives, date requested, and target completion date. Mr. Buckland explained it may be a good tool to capture what the Board completes or intends to complete. Chair Vance asked if this document would be standing agenda item, Mr. Buckland answered yes. Ms. Sapp interjected that this would be a good time to discuss liaison roles; after seeking direction from the CBJ Acting City Clerk, it was found that Staff have been overstepping in their liaison role. Staff included the Advisory Board Informational Packet in the Board's meeting packet, which included a section about the use of staff and staff time. Mr. Campbell asked to table the discussion and the rest of the informational items to the next meeting. There were no objections to the motion, and Chair Vance adjourned the meeting.

**VII. NON-AGENDA ITEMS**

None.

**VIII. ADJOURNMENT**

The meeting adjourned at 6:21 p.m.



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## MEMORANDUM

**DATE:** April 30, 2018

**TO:** City and Borough of Juneau Assembly

**FROM:** Utility Advisory Board (UAB)

**SUBJECT:** UAB Annual Report to the Assembly for May 2017 – April 2018

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### **BACKGROUND**

The Water and Wastewater Utilities did not have a rate increase from 1991 to 2003. The Utilities were in a precarious financial position because of this long period with no rate increases. A rate study completed in 2003 recommended an immediate rate increase of 19% for water and 39% for wastewater and recommended additional specific rate increases over the next 10 years. The Assembly approved the 19% and 39%, increases and due to the public outcry from this “rate shock”, the Mayor empaneled an Ad Hoc Utility Advisory Board (UAB) in February 2004. Made up of seven members of the public, the group’s task was advising the mayor and Assembly on Water and Wastewater Utility issues, including rates, and making recommendations regarding the advisability of a permanent Advisory Board. The Ad Hoc UAB presented their report in December of 2004, recommending, among other things, establishment of a permanent Utility Advisory Board. In February 2005, CBJ Resolution 2299 created a permanent Utility Advisory Board, with seven members of the public, six of whom served on the Ad Hoc UAB. Since its establishment, the UAB has continued to advise the Mayor and Assembly on Utility issues in accordance with the original resolution.

### **PURPOSE**

The purpose of the Utility Advisory Board is to advise the Assembly on issues relating to water and wastewater utilities. The Board’s primary responsibilities concerning the status of water and wastewater utility issues are as follows: (a.) Review and make recommendations to the Assembly and Manager on all matters pertaining to the operation of the water system and the wastewater system, to the end that the consuming public is provided with the best possible service consistent with good utility management and cost containment; (b) Review annual budgets and funding plans and make recommendations for the efficient and economical operation of the water system and the wastewater system including bond issues, staffing, fiscal matters, and public relations; (c) Make recommendations on long-range planning for system expansion replacement, and priorities to meet future needs of the water and wastewater systems; (d) Make recommendations on water and wastewater utility rates to ensure that the rates are equitable and sufficient to pay for operation, maintenance, debt reduction, system replacement, and utility reserves necessary to ensure sustainable public utilities; (e) Make recommendations on measures to increase the efficiency and cost effectiveness of the

water and wastewater utility operations; and (f) Perform such other duties and functions related to the utilities as the Assembly or Manager may request.

## **MAY 2017- APRIL 2018 BOARD MEETINGS AND MEMBERSHIP**

Between May 2017 – April 2018, the Board held five regular meetings and one work session. Leon Vance served as chair throughout the year. Geoff Larson continued to serve as vice-chair. Andrew Campbell and Geoffrey Larson’s terms expire in May 2018. They have re-applied for their seats.

The Board shall consist of seven members comprised of the listed qualifications:

To the extent practicable, appointments shall be made as follows: one engineer registered in the State of Alaska, preferably with training and experience in water, wastewater, and/or utility systems design and operation; one accountant, preferably experienced with utility financial management practices; one general contractor, preferably experienced in the construction of water and/or wastewater utility systems; two commercial customers of the City and Borough water and/or wastewater utility; one residential customer of the City and Borough water and/or wastewater utility; and one member of the general public.

The following is list of May 2017 – April 2018 members with their area of membership qualification(s):

Kevin Buckland – Accountant, Commercial Utility Customer, and Residential Utility Customer  
Andrew Campbell – Alaskan Registered Engineer, General Contractor, Commercial Utility Customer, and Residential Utility Customer  
Bryan Farrell – Commercial Utility Customer and Residential Utility Customer  
Janet Hall Schempf – General Public  
Geoff Larson – Alaskan Registered Engineer and Commercial Utility Customer  
Grant Ritter – Residential Utility Customer  
Leon Vance – Residential Utility Customer

## **WATER AND SEWER RATES**

### **Recommendations**

- UAB recommends an annual increase of 2.5% for wastewater utility rates for each of next five fiscal years.
- At this time no increase is recommended for water utility rates for the next five fiscal years.

The Board spent a significant amount of time over the last six months reviewing and analyzing water and wastewater funding and expenditures. This culminated in identifying the appropriate utility rate changes to secure the financial health of the Utilities through FY2024. The projections for capital project spending beyond FY2024 become more speculative as time projections increase. Historically, both utilities have undertaken larger capital funding episodes about every ten years, coinciding with major expansions or reconstructions of major systems. Examples include: construction of Wastewater’s sludge incinerator in 1994; current construction of the Biosolids dryer and Headworks Improvements; Last Chance Basin Water Source Improvements 1993; Salmon Creek Disinfection Improvements 1998; Last Chance Basin Well Field Improvements 2014; and Salmon Creek Water Filtration 2016.

The Board identified a plan through FY2024 that continues the recommended rate increase of 2.5% for wastewater utility and no increase for water utility rates. This approach will allow the Utilities to maintain three to four months of operating cost and continue allocation to capital expenditure. However, this plan will be unable to sustain fund balances that equal the financial reserve targets (three to four months operating costs + capital expenditure) as identified by the CBJ Finance Director. Wastewater will fall below the \$7 million (\$3M operational + \$4M capital) financial reserve target in FY2027. Water will fall below the \$3 million (\$1M operational + \$2M capital) financial reserve target in FY2029.

Additionally, the financial reserve targets would be unmet in earlier years if periodic higher capital costs are experienced, such as in the past. While the CBJ's Capital Improvement Plan has a six year outlook for potential projects, the UAB's perspective regarding needed rate structure should adopt a ten year outlook as their horizon.

### **Objectives for May 2018 – April 2019**

- Monitor financial health of the Utilities and make recommendations to the Assembly as needed
- Evaluate asset life expectancies
  - Begin implementing asset management software program
- Develop RFIs and/or RFPs for:
  - Asset evaluation/valuation model/assessment
  - Rate study with ten year outlook
    - Last rate study completed in 2014
    - 2014 rate study projections end in 2024

### **FURTHER INFORMATION**

Engineering and Public Works staff for the UAB include:

Roger Healy – Engineering & Public Works Director  
Autumn Sapp – Engineering & Public Works Business Manager  
Holly Kveum – Administrative Assistant III

Information is also available on the Utility Advisory Board website at:

<https://beta.juneau.org/engineering-public-works/utilities-division/utility-advisory-board>

### **BOARD MEETING DATES**

#### **Meetings**

November 9, 2017  
January 11, 2018  
January 19, 2018 (work session)  
February 8, 2018  
March 8, 2018  
April 12, 2018

Meetings were not held from May through October due to lack of agenda items or lack of quorum.

**Utility Advisory Board Attendance  
Regular Meetings (2017 – 2018)**

	11/9/2017	1/11/2018	2/8/2018	3/8/2018	4/12/2018	Meetings Absent	Meetings Attended
<b>Buckland</b>	Vacant	X	X	X			
<b>Campbell</b>	O	X	X	X			
<b>Farrell</b>	X	X	X	X			
<b>Hall Schempf</b>	O	X	X	X			
<b>Larson</b>	X	X	X	X			
<b>Ritter</b>	X	X	O	X			
<b>Vance</b>	X	X	O	X			

**Special Meetings (2017 – 2018)**

	1/19/2018 Work Session
<b>Buckland</b>	X
<b>Campbell</b>	O
<b>Farrell</b>	O
<b>Hall Schempf</b>	O
<b>Larson</b>	X
<b>Ritter</b>	O
<b>Vance</b>	X

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U.S.

## Who Is Paying to Fix Outdated Water and Sewer Systems? You Are

Rates rise more than three times the rate of inflation as utilities fund repairs to decaying infrastructure



A wastewater-treatment plant in Salt Lake City, Utah. Water bills have been climbing around the country as cities repair pipes and systems. PHOTO: RICK EGAN/ASSOCIATED PRESS

By *David Harrison*

March 15, 2018 5:30 a.m. ET

Water bills are surging nationwide as utilities try to fix corroded pipes and overflowing sewer systems, leaving many households struggling to pay and in some cases risking shutoffs and home foreclosures.

Bills started rising significantly faster than inflation in the mid-2000s as communities stepped up their repairs of aging water and sewer infrastructure. Over the past decade, the increases have averaged 5.5% a year, more than three times the rate of inflation, according to the Labor Department.

The median household bill for water and sewer service rose to \$77 a month in 2016 from about \$44 in 2006, a 75% increase, according to surveys by the American Water Works Association, a group representing water providers. Business and industrial customers saw similar increases during that time.

In Baltimore, water bills have climbed at least 9% a year since 2009 to build underground storage tanks and replace leaky pipes. Baltimore is also one of dozens of municipalities bound by agreements with the Environmental Protection Agency to comply with Clean Water Act rules limiting the amount of sewage discharged into waterways. The city has agreed to a 13-year, \$1.6 billion to \$2 billion sewer upgrade.

C. Rochelle Williams, 37 years old, a single mother of four in Baltimore who makes \$50,000 a year as a medical billing specialist, said she can't cover her full bill, which averages around \$120 a month, about six times what she paid when she moved into her house 16 years ago.

"I usually try to pay, like, \$50 a month," she said.

The country needs to spend \$655 billion over the next 20 years to upgrade water and sewer systems, the EPA estimates. Around 240,000 water mains break a year, contributing to \$2.6



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<https://www.wsj.com/articles/new-york-citys-sewage-shipment-runs-afoul-in-rural-south-1522402201>

U.S.

## New York City's Sewage Shipment Runs Afoul in Rural South

Alabamans want human-waste deliveries to local landfill to stop; 'We didn't produce it. We don't want it here.'



Train cars loaded with sewage sludge sit at a rail yard in Parrish, Ala. PHOTO: TOWN OF PARRISH

By *Valerie Bauerlein and Kate King*

March 30, 2018 5:30 a.m. ET

New York City is famous for a lot of things: the Yankees, Times Square, bagels.

But 1,000 miles away in rural northern Alabama, it has become infamous for about 200 shipping containers full of sewage sludge that came by rail from the Big Apple. They have been rotting on train cars for six weeks, stalled on the way to a nearby landfill.

New Yorkers flush the toilet millions of times a day, creating 1,200 tons of biosolids, or treated sewage sludge. Privately owned Big Sky Landfill in Adamsville, Ala., has permits to take nearly all of that from New York's five boroughs.

The shipments have been coming to Alabama for a year and a half, drawing plenty of complaints from locals upset by the odor. The cars recently got stranded in Parrish, Ala., as a result of a legal dispute. They are now caught in a fight about the legality of loading them on trucks and hauling them the last 25 miles to the Adamsville landfill.

"It smells like dead animals, you smell it and you're looking for a dead dog or dead deer," Parrish Mayor Heather Hall said. The rail spur where the containers sit is next to the town ballfields, she said, prompting one man to wear a mask to a recent football game.

This is a little-seen part of daily life in America. Big cities produce more waste than they can dispose of. So all across the country, pipes, trucks and trains carry waste elsewhere to be incinerated, dumped or used as fertilizer.

As urban populations grow, cities are weighing how much they are willing to spend to dispose of or recycle the one thing they are certain the city will continue creating. Some cities reuse nearly all of it. In Washington, D.C., most biosolids are turned into thermal energy at a new \$470 million facility. In Milwaukee, about 90% of the material is converted to compost and Milorganite fertilizer, a product sold at home-improvement stores.

**'I never dreamed someone could flush a commode in New York, and it would run out in my backyard.'**

—West Jefferson Mayor Charles Nix

The mayors of West Jefferson and Parrish went to Montgomery on Wednesday to meet with Alabama Gov. Kay Ivey to seek help removing the New York City waste from their towns and assurance that no more will arrive at the nearby landfill. They say they don't have answers yet. The governor's office didn't respond to a request for comment.

"We didn't produce it. We don't want it here," Ms. Hall said.

Over the past decade, private landfills in the rural South have agreed to take sludge from out of state. But communities near landfills like Big Sky are increasingly pushing back, saying the tax revenue and jobs don't outweigh the negative effects.

At a recent public hearing on a permit renewal for Big Sky, one woman brought a bag of flies she said had been swarming around her home. West Jefferson Mayor Charles Nix said that once the sludge containers were transferred to trucks, they commonly leached sticky liquid on the roads of his town.

"I never dreamed someone could flush a commode in New York, and it would run out in my backyard," Mr. Nix told regulators.

Big Sky and the Alabama Department of Environmental Management didn't respond to requests for comment.

At that public hearing, a Big Sky representative said the landfill has been in compliance with state law and had the necessary permits to import sludge.

New York City has halted its shipment of sewage sludge to Big Sky, a spokesman from the city's Department of Environmental Protection said. It won't accept any return shipments, he said.

Pam Elardo, New York deputy commissioner for wastewater treatment, said the sewage sludge in question may not be from New York City, since the landfill could be accepting sludge from other jurisdictions. According to a 2016 permit on file with Alabama regulators, New Jersey is the only other party that has a sludge agreement with Big Sky, but the state hasn't sent any sewage to Big Sky this year.

A New York City spokesman said the city sends about 85% of its biosolid waste to landfills in states including Georgia, Ohio, Pennsylvania and upstate New York. He said the city has been sending about 7% of its biosolid waste to Big Sky. The remaining 15% is composted or spread on top of old coal mines to enrich the depleted topsoil.

For decades, New York City put its sludge on barges and dumped it in the Atlantic Ocean. But Congress banned ocean dumping starting in 1992, prompting the city to change its practices.

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From 1992 to 2010, the city sent most of its sewage sludge either by rail to Colorado to be spread as fertilizer, or to a plant in the South Bronx to be converted into fertilizer pellets, according to city records. But it became too costly to transport waste across the country, and complaints about odor at the South Bronx facility prompted its shutdown.

Turning the waste into fertilizer cost about \$100 million a year, according to city records. New York City now pays contractors approximately \$50 million per year to remove its biosolids, officials said.

In the U.S., about 28% of biosolids are disposed of in landfills, 17% are incinerated and 50% are used as fertilizer or spread on land, according to the Water Environment Federation, a trade

organization of wastewater professionals.

Patrick Dube, a biosolids expert with WEF, said economics typically dictate how cities handle sewage sludge. But technology is improving quickly, and he said he is optimistic that it will become commonplace to convert biosolids to fertilizer and energy.

By the year 2030, New York City wants to eliminate landfill disposal and is in the planning stages of how it will achieve this goal, Ms. Elardo said.

In Alabama, state regulators are expected to decide this spring whether to renew Big Sky's permit, after holding public hearings, soliciting written comments and reviewing the company's regulatory records.

Ms. Hall, Parrish's mayor, said she hopes the cars of sludge will be gone by the end of April, especially before it gets hot.

**Write to** Valerie Bauerlein at [valerie.bauerlein@wsj.com](mailto:valerie.bauerlein@wsj.com) and Kate King at [Kate.King@wsj.com](mailto:Kate.King@wsj.com)

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#### RELATED COVERAGE

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- [Hawaii's Cesspools Threaten Drinking Water, Tourism](#) (Feb. 11)
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billion in lost drinking water, according to the agency.

For decades, water companies put off making repairs to keep prices low, creating public expectations of cheap water, said Jonathan Cuppett, research manager at the Water Research Foundation, an industry research group.

“We’re moving towards those days being over,” he said. “It’s a valuable commodity and it requires resources to deliver that to any tap in your house 24 hours a day.”

Most Americans get their water from one of the 52,000 municipal water utilities in the country. Some are government agencies, others are independent, public agencies. About 15% of customers get their water from private operators, according to Manuel Teodoro, a political scientist at Texas A&M University.

Sometimes the same agency provides both water and sewer service. Other times, the responsibilities are split.

Most of the typical household water bill reflects the amount of water consumed. The rest covers fixed costs such as meter reading, billing, infrastructure and environmental fees.

Utilities’ funding comes almost entirely from their customers, with the U.S. government providing just about 4% of the total. The Trump administration in February proposed increasing federal spending on infrastructure by \$200 billion, but it is unclear how much of that would go to water and sewer upgrades.

In Kansas City, Mo., local officials agreed to complete 121 sewer improvement projects over 25 years, costing \$4.5 billion. Sewer fees are set to rise 13% annually in the coming years.

“To be able to afford those projects, from the department’s perspective, we have to have our rates considerably higher for a period of time,” said Terry Leeds, director of the city government’s water department.

Customers unable to pay rising bills can see their service shut off. While there are no national data on shutoffs, some utilities say their numbers are rising. Kansas City said it shut off 18,333 accounts last year, up from 15,196 in 2014, and officials expect around 19,000 this year.

A survey of 81 large utilities across the U.S. by the environmental group Food & Water Watch found that 5% of customers—roughly 566,000 households—lost water service because of overdue bills in 2016.

Oakland resident Wendel Stevenson, 59, who lets homeless people fill water jugs from a tap in his yard, said he lost service for about a week last year when he couldn’t pay a \$256 bill. He showered at his mother’s house, he said.

“To go to someone’s house to shower, come on, man, that’s not a good feeling,” he said.

Water bills in Oakland have risen at least 7% in recent years as the service provider, East Bay Municipal Utility District, deals with infrastructure upgrades and the consequences of a severe drought that cut water usage.

Many utilities have assistance programs to help customers keep the water running. An Oakland program has enabled the utility district to reduce the number of shutoffs to 10,952 last year from 13,400 in 2014, according to EBMUD General Manager Alexander Coate.

Some local governments sell liens from unpaid property taxes and water bills to investors, allowing them to collect the debt from homeowners, often with hefty interest rates. If homeowners don’t pay, the investors can foreclose on their homes. In most cases, however, investors are more interested in collecting the debt than in foreclosing on the property.

Owen Dutton, a 57-year-old from Baltimore who owed about \$1,500 in unpaid water bills, learned last year that the city was planning to put the house he shares with his wife on the tax sale list. He had to borrow to pay down the amount and keep his home. His water bill has gone up at least 50% in the past few years, he said.

“I was disappointed in the city to even do something like that,” said Mr. Dutton, who earns \$42,000 a year as a home inspector. “I’d been living in my house at that present time for 33

years.”

In December, in response to a public outcry over the practice, Baltimore Mayor Catherine Pugh said the city would no longer send properties to tax sale for delinquent water bills alone.

Write to David Harrison at [david.harrison@wsj.com](mailto:david.harrison@wsj.com)

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