

IN THE CIRCUIT COURT OF MOBILE COUNTY, ALABAMA

SYNOVUS CORPORATE TRUST,)	
)	
Plaintiff,)	
)	
v.)	Case No. 02-CV-2023-901332.00
)	
WATER WORKS AND SEWER BOARD)	
OF CITY OF PRICHARD,)	
)	
Defendant.)	

John S. Young Jr. LLC,

Receiver of the Prichard Water Works and Sewer Board

Receiver Monthly Report #1

December 18, 2023

Introduction

The PWWSB system’s financial and operational condition was not stabilized when the Receiver took over control of the system. There were insufficient funds in the bank accounts of PWWSB to timely pay the ordinary expenses of the System. The Board’s adoption of the FY2024 “operating budget” and the associated rate increase **did not** (a) stabilize the financial condition of PWWSB; (b) allow PWWSB to meet its obligations under the indenture; or (c) enable it to start making capital improvements to the water or sewer system.

Following is a high-level summary of Financial and Operational status of the System as found by the Receiver and actions taken by the Receiver since the entry of the Order:

Financial

- Despite the November rate increase, the PWWSB continues to have insufficient funds to pay for its ordinary operation and maintenance expenditures and to pay the amounts due under the bond indenture. The PWWSB “operating budget” for FY 2024 does not reflect the actual revenues collected or reasonably expected to be collected from customers. Examples of vendors/contractors’ payments impacted by the inadequate revenue are:
 - Mobile Area Water & Sewer System (MAWSS) bill for purchased water.
 - Money owed to the City of Prichard for its municipal fee.
 - PWWSB legal fees.
 - Bond Indenture obligations.
- No construction funds are available for water system capital improvements.
- Very limited grant funds are available for the wastewater system construction improvements.
- Majority of funds received from the settlement of the hydrant litigation with the City of Prichard were used by the Board (prior to entry of the Order) to pay overdue water bills from MAWSS.

Operations

PWWSB continues to face severe operational challenges, including:

- Sanitary sewer overflows.
- Significant leakage from its water distribution system.

- Failure to meet Alabama Department of Environmental Management (ADEM) Consent Order obligations and provide the required capital improvements to the sewer system.
- Failure to comply with ADEM and EPA Sanitary Surveys may result in issuing a new Consent Order by AEDM to address water system technical, management, and financial deficiencies.
- Staffing issues – additional staffing is needed to enforce collection efforts, made needed repairs and otherwise operate the system.

Receiver Progress

- Continuing to meet PWWSB supervisors and staff to evaluate system needs.
- Met with MAWSS to discuss billing issues and water supply.
- Reviewed 2019, 2020, and 2021 financial audits and discussed the completion of the 2022 audit with representatives of ADEM, which funded the audits.
- Met with Mayors of Prichard and Chickasaw.
- Solicited and received a proposal for an affordability analysis and low-income program development.
- Solicited and received a proposal for developing a water and wastewater Asset Management Plan.
- Solicited and received a proposal to evaluate the feasibility and cost of alternative groundwater and surface water sources of supply.

- Met with the Mobile County Commission member to review construction projects that impact PWWSB water and sewer distribution and collection systems and discuss grant funding.
- Applied for EPA technical assistance and have had multiple follow-up phone conferences with EPA and the technical assistance team EPA assembled.
- Multiple meetings with AEDM to review water/wastewater issues and funding opportunities.
- Met with the concession team to review their proposal.
- Planned for and held a Citizen Advisory Council meeting on December 15, 2023.
- Took control of PWWSB bank accounts with the authority to sign checks.
- Instituted financial controls with the personnel of the System.
- Toured the water and wastewater systems to observe the condition of assets (treatment plants, water storage facilities, pumping stations, buried infrastructure, etc.) and their operational issues.
- Signed contract to complete automated meter reading project.
- Signed contract for a leak survey study.
- Secured website domain (FixPrichardWater.com) for the System.
- Launched a website to enable the Receiver to provide public access to updates, information, and monthly progress reports. The website is expected to be active by early January 2023.
- Discussions with non-profit funding sources.

Dated this 18th day of December 2023.

John S. Young, Jr. LLC
Receiver of the Prichard Water Works and Sewer
Board

/s/ John S. Young, Jr.

By: John S. Young, Jr., Sole Member of John S.
Young, Jr. LLC