

**Citizens Advisory Council of Prichard (CACP) Meeting Summary**  
**February 15, 2024, 2 P.M. to 4 P.M.**  
**A.J. Cooper Municipal Complex**  
**216 E. Prichard Ave, Prichard, AL 36610**

**FACILITATING:** John Young, Jr., Court-Appointed Receiver  
Prichard Water Works and Sewer Board (PWWSB)

Joe Conner, Baker Donelson

**ATTENDING:** Mayor Jimmie Gardner, City of Prichard  
Serveria Morris, United Concerned Citizens of Prichard  
Jennifer White, City of Chickasaw  
Dr. Beatrice Morse, District 97  
Carletta Davis, President, We Matter  
Katie Davis, District 2  
Clifford Bryant

**ABSENT:** Pastor Chris Williams, County Commission  
Rusty Murdaugh, District 98

**Report Back**

The Action Items from the January 2024 CACP meeting were reviewed:

- First quarter budget performance details were provided to the Council. A full Fiscal Year budget review was scheduled for later in the 2.15.2024 meeting.
- ADEM response explaining reasons for the timing and content of the recent Consent Order
- A potential customer conservation program was discussed. Specific recommendations will be included in the Affordability/Customer Assistance Program report.
- Water loss due to absentee landlords was recognized as a continuing issue.

**Communities Unlimited Contract**

As a result of multiple meetings held with USEPA and Moonshot Missions to request technical assistance and financial resources, Communities Unlimited has been contracted to develop needed policies and procedures for the utility and provide the associated training.

Communities Unlimited is a non-profit corporation focused on providing technical and training support to communities with minority populations and poverty issues. They will do a comprehensive review of operational, managerial, and technical policies and procedures with a goal to promote compliance, operational efficiency, and financial sustainability. Training associated with the new/revised policies will be a critical service that they provide. These services will be provided at no cost to PWWSB.

### **Water Storage/Hydraulic Analysis**

To comply with the recently issued ADEM water Consent Order, a hydraulic analysis of the water system was completed and provided to ADEM. The methodology used in analysis was briefly explained during the CACP meeting. The study concluded that several of the water storage tanks within the system need to be at different elevations and/or require additional storage volume. These system deficiencies have occurred due to infrastructure and customer changes within the system over the past several decades.

The proposed system improvements recommended in the report will result in the elimination of one tank, maintaining three tanks through the addition of control valves and piping enhancements, and ultimately building one additional storage tank. All remaining tanks will require significant maintenance including painting, overflow modifications and other improvements.

### **Capital Investment Funding**

The capital investment project list submitted to ADEM for possible grant funding was reviewed with the CACP. The list includes over \$20M of projects needed to comply with Consent Orders, reduce water leakage, address sanitary sewer overflows, provide proper water storage and properly monitor and control system operations. This submittal will be followed by a grant “pre-application” and Preliminary Engineering Report that will formally request the grant funding.

### **Revised FY2024 Budget**

The first quarter financial performance of PWWSB, which was discussed at the January CACP meeting, showed significant revenue deficiencies and operating expense overruns compared to the Board’s FY2024 budget.

Therefore, a detailed investigation of the original (October 2023) FY2024 budget’s assumptions and projections was undertaken. This exercise concluded the original budget developed by the Board had numerous errors and did not properly reflect the financial condition of the utility.

Revenues were overestimated due to the projected timing of the rate adjustment and anticipated collection rates. Several expenses were excluded from the budget (franchise fees, bond default legal expenses, etc.), while other expenses were significantly understated (purchased water costs, insurance, maintenance, equipment rental, Reserve Fund replenishment, etc.). When these budget adjustments were made, the original (Oct. 2023) Board budget showed a \$4.5M deficit.

Other budget adjustments were also necessary to reflect costs associated with the Court's Receiver Order. These adjustments included the impact of the Order's modification of collection procedures, the required increase in professional service costs, and future legal efforts associated with the Board's appeal of the Receiver Order. These additional expenses result in the Revised FY2024 budget showing a \$5.5M deficit. This deficit will result in significant financial challenges for the utility in FY 2024.

### **Legal Update Provided by Counsel for Receiver**

*Synovus Corporate Trust v. PWWSB, Case No. CV-2023-901332.* The PWWSB appealed the Order Granting Receiver ("Order") entered by Judge Youngpeter. While the appeal before the Alabama Supreme Court is still pending, motions filed by PWWSB to stay the Order were denied by both Judge Youngpeter and the Alabama Supreme Court. The underlying litigation in Circuit Court was stayed pending resolution of the appeal. The Receiver was directed to pay the attorney fees and expenses incurred by PWWSB in the appeal of the Order. The attorney fees and expenses associated with the appeal for both PWWSB and the Trustee are estimated at \$200,000 and have been included in the updated budget prepared by the Receiver.

*Criminal Proceedings.* Several criminal actions are pending arising from the malfeasance committed under the leadership of prior PWWSB manager Nia Bradley. Those proceedings include actions against Nia Bradley, Anthony Bradley, Randy Burden, and Teresa Lewis. Any civil actions associated with those individuals have been stayed pending resolution of the criminal cases. An internal review of PWWSB records conducted prior to the entry of the Receiver Order indicates that the amount diverted by the criminal defendants was in excess of \$425,000. No trial dates have been set in the criminal cases.

*PWWSB v. City of Prichard – Fire Hydrant Litigation.* In September of 2023, the City and PWWSB settled the fire hydrant litigation that had been pending since 2018. The City paid PWWSB \$1,066,225.23, which had been held in escrow during the litigation. In turn, PWWSB paid the City \$257,282.81, representing the 2022 franchise fee due the City. There is one remaining issue to be resolved by Judge Youngpeter in the case associated with the right of PWWSB to increase the hydrant fee without approval by the City.

*Alabama Village.* In March of 2023, the PWWSB passed a Resolution imposing a moratorium on the installation of new water meters in Alabama Village. However, the 41 customers (38 properties) served at the time of the moratorium continue to be served by the System. Prior to the entry of the Receiver Order, the PWWSB commissioned appraisals of the parcels owned by the current customers in Alabama Village. The total value of the parcels reflected in the appraisals was approximately \$1.1 million. The System does not have access to sufficient funding to purchase those parcels at this time and will be exploring options with various stakeholders, including the City of Prichard and the Prichard Housing Authority. If the current meters in Alabama Village can be disconnected, the plan is to valve off the water lines in Alabama Village to reduce the water loss that is occurring from leakage. There are approximately 500 parcels of property in Alabama Village. Roughly 50% are publicly owned and 50% are privately owned.

### **Action Items**

- There was a discussion about requesting a change in the collection process that is included in the Receiver Order. At the end of the meeting, the CACP decided not to request that the Judge modify the collection process.
- Conduct a further investigation of the \$50K insurance coverage associated with the employee theft from 2018 to 2021.
- Make sure that the Alternative Analysis, to be completed by July 31, 2024, properly addresses the utility governance and water industry qualification issues. These issues include Board appointments and structure, Board authority, and Board representation.

### **Next Meeting**

The next CAPC meeting will be on March 21, 2024, at 2 P.M.

The meeting location is at the A.J. Cooper Municipal Complex, 216 E. Prichard Ave, Prichard, AL 36610