



AlaFile E-Notice

02-CV-2023-901332.00

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NOTICE OF ELECTRONIC FILING

IN THE CIRCUIT COURT OF MOBILE COUNTY, ALABAMA

SYNOVUS CORPORATE TRUST V. WATER WORKS AND SEWER BOARD OF CITY OF PRIC
02-CV-2023-901332.00

The following CASE STATUS REPORT was FILED on 5/13/2024 3:44:08 PM

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SHARLA KNOX
CIRCUIT COURT CLERK
MOBILE COUNTY, ALABAMA
CIRCUIT CIVIL DIVISION
205 GOVERNMENT STREET 9TH FLOOR, N TOWER
MOBILE, AL, 36644

251-574-8420



IN THE CIRCUIT COURT OF MOBILE COUNTY, ALABAMA

SYNOVUS CORPORATE TRUST,)	
)	
Plaintiff,)	
)	
v.)	CIVIL ACTION NO. CV-2023-
)	901332
WATER WORKS AND SEWER BOARD)	
OF CITY OF PRICHARD,)	
)	
Defendant.)	

NOTICE OF FILING RECEIVER’S REPORT

On behalf of the Receiver appointed in this action, the undersigned gives notice of the filing of the attached Receiver Monthly Report No. 5, April 30, 2024.

/s/ W. Patton Hahn
W. PATTON HAHN (HAH 002)

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CERTIFICATE OF SERVICE

I hereby certify that on May 13, 2024, the foregoing has been sent via this Court's electronic filing system to all counsel of record:

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/s/ W. Patton Hahn

W. Patton Hahn, OF COUNSEL

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 #5

April 30, 2024

Background

On November 10, 2023, Mobile County Circuit Judge Youngpeter issued an order appointing a Receiver to manage the Prichard Water Works and Sewer Board’s (PWWSB) water and wastewater system and services. The Receiver’s task is to restore the PWWSB's operational and financial integrity. The Court-Ordered Receivership requires the Receiver to submit a draft Master Plan by July 2024 to address water supply, regulatory compliance, utility governance and ownership, investment requirements, operating efficiencies, and numerous other issues.

The Receiver’s ultimate priority is to protect the public health and the environment and provide a reliable water and wastewater system to the extent reasonably possible. The Receiver's focus is on properly serving the utility customers in Prichard, Alabama, and Chickasaw, Alabama.

These priorities need to be accomplished while properly supporting PWWSB's employees and meeting financial obligations.

The Receiver prioritizes work based on the Receiver Order, which outlines the receiver's responsibilities and authority and lists a number of specific tasks to be performed. To date, the Receiver has made significant progress toward identifying the major issues that must be addressed and potential solutions.

Asset Management / Source of Supply Update

The Asset Management Study (Hazen & Swayer) is progressing, with the majority of the fieldwork completed. Initial findings will be presented at the Citizen Advisory Council meeting on May 16, 2024. This report must be submitted to ADEM by May 31, 2024, to comply with the Consent Order.

Preliminary results from the Source of Supply Study suggest that developing a surface water supply for the system is neither feasible nor cost-effective. However, a groundwater supply system with sufficient yield could be developed to serve the PWWSB system. The supply would consist of multiple wells with either wellhead (local) or centralized treatment for iron and manganese removal. Capital and operating costs are being developed for the alternative supply options. The information will be used to minimize operating costs in the TMF Capacity Analysis that will be performed later this year.

Status of Projects Funded by ADEM Grants

A contract has been awarded to Hazen & Sawyer for the water storage tank design and bidding. The project will include improving and painting four tanks, demolishing the Office Standpipe, and adding control valves at several interconnections with MAWSS. The projects should be advertised for bidding in June 2024, with construction beginning in August 2024 and completed in mid-2025.

A design contract has been awarded for the Morris WWTP improvement. The design is scheduled to be completed in early 2025, with construction completed by the end of 2026.

The design contract for the Lovejoy Loop pipeline replacements (approximately 9 miles of pipe) is in final contract negotiations. Construction should begin in the Spring of 2025 and be completed by the end of 2026.

The scope of work for the SCADA (Supervisory Control and Data Acquisition) design is still being developed. This project will primarily provide operational monitoring and control for the 30 wastewater pumping stations located throughout the system. The SCADA equipment installation and operator training should be completed by the end of 2025.

Q2 Financial Performance – 6 Months as of March 31, 2024

	COLUMN 1 Board's 2023-2024 Annual Budget Submitted to Court in October 2023	COLUMN 2 Receiver's Revised 2023-2024 Annual Budget	COLUMN 3 Receiver's 6- Month Budget	COLUMN 4 6-Month Actual	COLUMN 5 Receiver's 6-Month Budget to Actual
Total Revenue	\$14,432,633	\$12,735,742	\$6,367,871	\$6,744,674	376,803
Total Expense	\$14,190,556	\$18,216,969	\$9,108,485	\$7,530,005	\$1,578,480*
Net Income	\$242,076	(5,481,226)	(2,740,614)	(1,541,423)	\$1,955,282

**The Receiver has not fully paid the Trustee what's owed to the Reserve Fund, monthly interest expense, and attorney's fee for the first six months of the Fiscal Year (October 1-September 30). This results in a 6-month cash flow savings of \$1.7M.*

The FY2024 Q2 financial performance is presented above. As shown in the above table and previously discussed, the "balanced" budget prepared by the PWWS Board (column 1) was clearly based on incorrect assumptions and oversights since it does not accurately reflect the utility's actual financial performance. Column 2 is the annual budget developed by the Receiver. Column 3 shows the 6-month Receiver budget. Column 5 (budget vs. actual revenue/cost comparison) reconciles the variance between Column 3 and Column 4 (actual revenue and expenses).

Revenues were 6 percent higher than the Receiver’s budget. This variance was primarily due to an increase in residential customers' bill payments resulting from more aggressive shut-off notifications and customer payment plans. The \$1.578M reduction in expenses primarily resulted from the Receiver postponing partial payments of Bond Trustee financial obligations during the 6-month period (\$1.7M). Adjusting for this non-payment, expenses exceeded the Receiver budget by 1.3 percent.

Affordability / Customer Assistance Program

Eric Rothstein of Galardi Rothstein Group made a presentation to the Advisory Council covering three interrelated topics: Water Service Rates, Bill Burdens, and Financial Sustainability. His four key messages were:

- Rates must recover the total costs of service
- PWWSB’s rates are burdensome yet inadequate
- PWWSB’s water rates “crisis” demands both immediate and long-term actions
- Crisis resolution and sustainability will require fundamental change in the structure and management of the utility over the next generation

The final “affordability” report should be received in June 2024. It will include a recommendation for a Customer Assist Program (CAP) that will help low-income customers with their bills.

Alternative Analysis

Both the Receiver Order and the ADEM Consent Order require the completion of an Alternative Analysis/draft Master Plan by the end of July 2024. This report will evaluate the various ownership, governance, operating, and water supply options available to Prichard and Chickasaw (combined or individually) and recommend a structure to promote the utility's long-term sustainability. The matrix of options will include a subset of the following primary alternatives.

	GOVERNANCE	OPERATIONS	WATER SUPPLY
City	Board (existing)	Independent	MAWSS/MAWSS
Independent	New “Public Authority”	Contract (Concession)	Groundwater/MAWSS
MAWSS	MAWSS Board	Contract (MAWSS)	Surface Water/MAWSS
Private	Investor-Owned	Contract	

All feasible options will be evaluated based on their ability to protect public health and the environment, potential for long-term sustainability, operating expertise, management capability, financial strength, rate impact on customers, and other important criteria. Ultimately, the recommended alternative will be formally submitted to the Court and ADEM for approval and presented to the public.

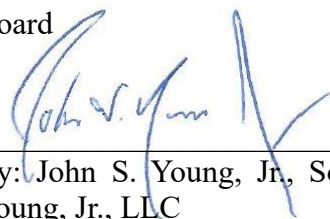
Working will begin in May to finalize the specific alternatives to be evaluated.

Other Receiver Activities

- Multiple meetings and discussions with ADEM regarding project grant funding
- Meetings with engineers to support the grant-funded projects
- Reviewed initial finding of the Asterra leak detection study
- Meetings with MAWSS
- Meeting with “concession” team
- Meeting with Moonshot Mission – Alternative Analysis
- Meetings with Mobile County to support drainage and road projects

Dated this 13th day of May, 2024.

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



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