

JUST THE FACTS ABOUT THE JCUA

In the past several months there have been many articles written about the Jackson County Utility Authority and many more televised stories that are aimed as attacks on the JCUA and its Board of Directors. This is to present the facts to the citizens of Jackson County and especially the citizens of the four cities.

First, a little history. Back in the late 1970's and early 1980's, the sewer systems in Jackson County were made up of the municipal sewer systems and private utility franchises under the Public Service Commission. The infrastructure of the systems was in poor condition and they were not being operated properly. The controlling entities were facing fines of \$5,000 to \$10,000 a day from state and federal environmental agencies. Because of that, the Mississippi Gulf Coast Wastewater Authority was formed in 1980 to assume the responsibility of the sewage treatment of the municipalities in Jackson County.

After Hurricane Katrina, the Jackson County Utility Authority was created in 2006 from the Mississippi Gulf Coast Wastewater Authority as part of the Governor's Commission on Recovery, Rebuilding and Renewal as a response for consolidation of water, wastewater, and storm water services in order to promote resilience in the event of a disaster, improve the quality of the natural environment, and improve the planning and delivery of quality water, wastewater and storm water services within Jackson County. As part of the legislation, the JCUA was additionally tasked with wholesale water and retail water and sewer business, as well as the wholesale sewer business. As a state agency, JCUA does not have taxing authority to raise revenue. The only revenue the JCUA receives is from user fees and grant funds, which the JCUA has been aggressive in obtaining to lessen the impact of expenses on its rate payers.

It has been said by some to the media there is no oversight of the JCUA. The JCUA Board of Directors is made up of one appointed representative each from the cities of Pascagoula, Moss Point, Gautier, and Ocean Springs, and three directors appointed by the Jackson County Board of Supervisors to represent the county. As members of the board, the directors are responsible for policy making and they direct the Executive Director to implement the policies of the Board. The Board members appointed by the cities also report to their respective cities on a regular basis.

All board meetings held on the second and fourth Monday of the month are open and public meetings. Very seldom, if ever, does anyone from the cities attend the meetings to find out what is going on. When officials are invited to attend a meeting with JCUA attendance is dismal at best. JCUA corresponds to the Mayors, City Managers, and City Attorneys concerning budget, audit, rate, and billing issues. The JCUA also posts all board meeting minutes on its website and any documentation requested is made available via State Public Record requirements.

The JCUA is audited annually by a private auditing firm, as well as the State Auditor's office. We are also accountable to the Mississippi Department of Environmental Quality, The Mississippi Health Department, The Army Corps of Engineers, Mississippi Development Authority, Office of

Inspector General on Federal Grants. There is plenty of accountability and transparency with regards to the operations of JCUA.

There are also accusations the JCUA is charging too much to the cities for their sewage treatment. The amount the cities are charged is based on a three-year average of the amount of sewage each sends to the JCUA treatment facilities. Based on a cost per 1000 gallons, in 2011 the cost was \$2.35 per 1000 gallons, 2012 it was \$2.11, in 2013 it was \$1.99, in 2014 it was \$1.84, in 2015 it was \$2.69, and in 2016 it is \$2.94. The reason the rates were lower in 2011 thru 2014 was due to grant money the JCUA received to subsidize needed repairs, upgrades, and sewer infrastructure in the amount of \$48 million the cities did not have to cover. In 2015, the grant money was gone and the full rate was being passed on to the cities. The cities all determine their billing differently so it is hard to tell how much they are adding to what JCUA charges to cover their expenses for their part of the collection system.

With regards to sewage flow, there is and has always been an issue with inflow and Infiltration of storm water into the sewage system. This happens whenever there is a heavy rain event. For example, at one sewage plant the average flow is 4 to 5 million gallons per day. During a heavy rain event such as what we had during the week of Christmas, the flow peaked at over 28 million gallons per day. That is because rain water is intruding into the wastewater system and that is why you see sewage flowing out of manhole covers in the streets such as the Ford Ave. incident in Pascagoula which was reported in the Sun Herald. The JCUA has to treat whatever is sent to the plants, thus the JCUA treats tremendous amounts of rain water and the rate payers have to pay for that.

Another accusation is that we are hiring too many people and paying them too much. JCUA's business has grown from just a wholesale sewage treatment business to a wholesale water and retail water and sewer business. The three enterprises are separate from each other and the cost to run each enterprise is separated from the other. JCUA had to hire people to operate the wells, surface water treatment plant, and service the retail side of the sewage operations. The cost of doing this is not charged to the cities on the wholesale sewer side of the operations. For the wholesale sewage side of the business, we did have to hire more people because we are doing more on that side of the business. We now have a Safety Officer, A Compliance Officer, and a Chief Financial Officer, but their salaries are distributed between the three enterprises because they touch all three. We have had to hire more people in the Lab to conduct all the MDEQ and EPA required sampling and testing to maintain our permits. The total amount of salary increase for the wastewater side of the business for 2014, which is what the cities pay for, came to \$489,419 not the \$1 million some people are reporting to the press. JCUA has conducted several salary studies, commissioning an Economics Professor from the University of Southern Mississippi, to determine what we should be paying our staff. This study gives us an upper and lower salary band for each of our positions based on what other Utilities are paying their staff. Our salaries are in the middle or median range of comparable agencies.

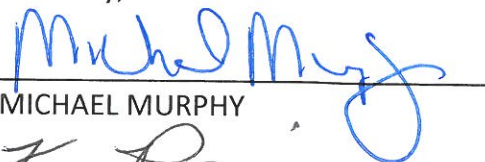
Some are trying to compare JCUA to other Utility Authorities across the Gulf Coast. There is no comparison. JCUA is the best run and most efficient Utility Authority on the Mississippi Gulf Coast. For example, after Hurricane Katrina, the Utility Authorities across the coast were all given grant money to facilitate repairs and upgrades to their sewage collection and treatment systems. JCUA spent their share of the money as directed on projects that were financially viable and benefitted to paying customers in Jackson County.

Most of the JCUA sewage treatment facilities are over 30 plus years old and the equipment is reaching the end of its service life. Instead of trying to continually repair the equipment one piece at a time over many years and risk the possibility of a catastrophic failure and sewage leaks, and the JCUA will utilize bond funds to repair or replace equipment that is nearing the end of its service life and eventually realize some operating efficiencies that will lead to lower electricity usage and maintenance expenses. All of the work is scheduled to be completed within 24-36 months instead of spreading it out over 15-20 years as the cities wanted JCUA to do, and quite frankly cannot be done efficiently over such a period of time.

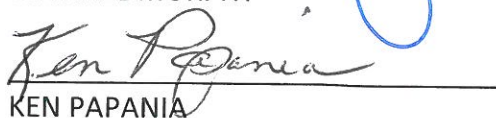
The bottom line is the JCUA and its Board of Directors have always had the best interest of the all the citizens of Jackson County in mind whenever they deliberate or spend any money or raise any rates. If you compare the rates JCUA charges per 1000 gallons to other rates in the State, you will see we are comparable. JCUA was set up in the way it is so the decision making process is professional and objective and the Board of Directors can do what is best for ALL the citizens of Jackson County. They make the hard decisions that are required to run a safe and efficient utility.

If anyone has any questions or concerns, you are always welcome to attend one of our board meetings that are held on the second and fourth Monday of the month at our Jackson Avenue Office in Pascagoula at 4pm.

Sincerely,



MICHAEL MURPHY



KEN PAPANIA



ANDREW J. ELLY



KEVIN COGGIN

Marshall Smith

MARSHALL SMITH

Douglas Shore

DOUGLAS SHORE