



The Interim Third-Party Manager
of the Jackson Water System

May 18, 2023

Suzanne Rubini
Deputy Regional General Counsel
Region 4
United States Environmental Protection Agency
61 Forsyth Street, S.W.
Atlanta, GA 30303

Rubini.Suzanne@EPA.GOV

RE: Case No. 3:22-cv-00686-HTW-LGI; The United States of America v. the City of Jackson, Mississippi, Interim Stipulated Order – Quarterly Report Submission

Dear Suzanne,

I am writing in response to your letter received via email on May 16, 2023, regarding the Consolidated Report of Activities for the Quarter ended March 31, 2023 (Quarterly Report). I appreciate the fast review and thoughtful comments and suggestions. Always nice to know submitted reports are read.

As to the change in schedules for two of the Priority Projects, thank you for calling to my attention that I did not notify the parties before including the changes in the Quarterly Report. I will follow the process set forth in the ISO in the future.

The following addresses the comments, questions, and suggestions as listed in your letter:

1. The System Stability and Stabilization Plan was originally envisioned as a quick summary, high-level plan that would discuss in general terms the approach to achieving stability with the water system. As this plan was discussed with our consultants, it became apparent that this plan would be a better product if informed by the work underway to analyze the distribution system and with the complete valve assessment. I also anticipate more information on leak detection and repairs will be critical to the decisions and recommendations in the plan (i.e., have we

reduced leakage to the point that JH Fewell can be closed in the near term). We will not have that information until at least 12/31/2023 (that date may be optimistic). The System Stability and Stabilization Plan could be completed earlier but would likely be outdated by year end.

2. The O&M Contract Priority Project schedule was developed without the benefit of negotiating with Jacobs. To get a contract in place quickly, the O&M contract was phased in. The first phase is an open-book cost reimbursement contract entered on February 20, 2023, for an estimated term of 6-months. Neither the ITPM nor Jacobs has historical data to estimate what the actual O&M costs are for the plants, wells, and tanks. This open-book contract will be the basis for developing a firm-fixed price long-term contract. Discussions with Jacobs indicate they will not be in a position to make a firm priced offer by July. At this time, we are targeting the start date with the beginning of the fiscal year but that remains a target. Jacobs and the ITPM need to have enough cost data to minimize the risk priced into the long-term contract.
3. We will file future reports with the Court.
4. We were experiencing some technical issues with the website that have now been resolved, and we did not realize the Quarterly Report had not been posted. Thanks for catching that. It has now been posted.
5. I would like to discuss BWNs in more detail with EPA. The size of specific notices and duration are context that needs to be included (number of customers impacted, number of hours). Jackson's BWN reputation is significantly distorted due to their past issuance procedures. New procedures are being implemented, aligned with best practices from the American Water Works Association and recommendations from Jacobs. The overwhelming majority of BWN issued since the Christmas Water Crisis, have been for pipe repairs and impacted less than 100 customers for hours, not days. For a system with more than 50,000 accounts, small notices required due to regular maintenance and repair efforts, hardly seem worthy of inclusion in the quarterly report. Without context, the public will continue to focus on the number of notices, not the customers impacted and duration. I would suggest we meet on this suggestion and determine the appropriate way to include BWNs in future quarterly reports.
6. Addressing compromised aging balances has no impact on the Financial Plan. Those funds were assumed to be uncollectable in the plan and were not included. Getting these uncollectable balances off individual accounts provides a sense of relief to customers concerned about the impact of these large, disputed balances on their ability to continue to receive services and cleans up finances as we continue to resolve billing and metering issues.

7. Jacobs has only been under contract since February 20, 2023, one month and 8 days before the quarter ended, but it has made significant strides recruiting and hiring new employees to fill in their staffing plan. Jacobs has not expressed concern with the pace at which they are staffing up.
8. Only a few of the projects have had scopes of work defined, and those scopes are largely limited to the design and investigation work on-going to ultimately define the work required to achieve the outcome listed in the PPL. The scopes of work will be added to subsequent quarterly reports as they are more clearly defined. Many of these projects are loosely defined – basically as listed in the PPL – as no work has been done to further define scope.
9. If alternative water is needed before the plan is developed, the ITPM will procure water from various sources already engaged in the planning process to provide water and will distribute using existing community groups. Consultation with water providers has indicated no single entity is prepared to provide one gallon per day per resident for the entire 150,000 people in Jackson. The planning process continues to seek solutions to meet the requirement of the PPL but that may be impossible.
10. I am well aware of the limitations of the SDWA funding in relation to retiring debt. We have identified another \$90 million in private debt related to the metering system that appears eligible under the SDWA, but discussions continue with the delegation about a potential text amendment to the Consolidated Appropriations Act 2023 that would provide the needed authority to use funds for the CWA related debt. Beyond working with specific members of Congress, there is no further update.

Sincerely,

DocuSigned by:

Edward Henifin

A8CE35F4EACC47F...

Edward “Ted” Henifin,
Interim Third-Party Manager

cc: Gerald Kucia, Gerald.Kucia@ago.ms.gov
Cassandra Walter, Cassandra.Walter@msdh.ms.gov
Christin Williams, Christin.Williams@msdh.ms.gov
Karl Fingerhood, karl.fingerhood@usdoj.gov
Angela Mo, Angela.Mo@usdoj.gov
Angela Williams, Angela.Williams3@usdoj.gov