The Consolidated Report of Activities

for the quarter ended March 31, 2023

For

EPA Grant Number 84054501 SDWA Section 1442 (b)

And

The Interim Stipulated Order as Entered on November 29, 2022

By United States District Judge Henry T. Wingate

In Case Number 3:22-cv-00686-HTW-LGI

The United States v The City of Jackson, Mississippi

April 28, 2023

Prepared by Edward “Ted” Henifin, P.E.

The Interim Third-Party Manager

Of the City of Jackson’s Drinking Water System

Table of Contents

List of Figures

A. Purpose

The Interim Stipulated Order, Section 16.a. requires quarterly reporting to include the following components:

i. A description of the projects and activities conducted during the reporting period to comply with the requirements of this Stipulated Order.
ii. A summary of any delays encountered or anticipated that may affect the ITPM's performance or implementation of this Stipulated Order, including the Priority Project List, and any actions taken to address such delays.
iii. Any modification to the Priority Project List or Implementation Schedule consistent with Paragraphs 15 (Priority Project List) and 18 (EPA Review);
iv. An accounting of the expenditures from, additions to, and remaining balance of the ITPM Professional Budget.
v. A projection of work to be performed pursuant to this Stipulated Order during the next or succeeding Quarter; and
vi. In each Status Report filed in the month of January, except in the Status Report due January 31, 2023, an audited financial statement of the ITPM Professional Account, O&M Account, and Capital Improvements Account for the City's previous fiscal year. Any information revealing bank account numbers or constituting personally identifiable information shall be redacted.

The EPA Grant that funded the Interim Third-Party Manager also has quarterly reporting requirements that include the following:

- A comparison of actual accomplishments to the outputs/outcomes (these are deliverables, reports, milestones) established in the assistance agreement work plan for the period;
- The reasons why established outputs/outcomes were not met; and
- Additional pertinent information, including, when appropriate, analysis and explanation of cost overruns or high-unit costs.

As these reports have similar requirements, this consolidated report is intended to meet the purposes and requirements of both the ISO and the EPA Safe Drinking Water Act (SDWA) Section 1442 (b) grant.

B. Introduction

On December 20, 2022, the US EPA awarded grant number 84054501 under the authority of the Safe Drinking Water Act, Section 1442 (b). The stated purpose of the grant is as follows:

> ***This agreement will provide support to the City of Jackson, MS, which is currently experiencing a drinking water emergency. The City entered into an Interim Stipulated Order with the Environmental Protection Agency and Department of Justice approved in Federal District Court on November 29, 2022, and this funding will be used to fulfill commitments established in the Order. The activities include establishing an Interim Third-Party Manager who will then hire support staff, enter into and maintain contracts to accomplish tasks required in the Order and deemed necessary to address violations of the Safe Drinking Water Act. Anticipated deliverables include hiring staff, entering into and maintaining contracts allowing for proper***

operations and maintenance of the system. Expected outcomes include supporting the System in complying with the Safe Drinking Water Act, fulfilling commitments established through the Order, and ensuring residents of Jackson have clean and safe drinking water. Intended beneficiaries include approximately 160,000 persons served by the City of Jackson Public Water System. No subawards are included in this assistance agreement. City of Jackson Public Water System Emergency Drinking Water Grant.

This report is the first quarterly report as required by the grant agreement and covers eligible activities that began in the pre-award period of December 2022 through the quarter that ended on March 31, 2023. Future quarterly reports are required within 30 days of the end of each calendar quarter, aligned with the reporting requirements of the Interim Stipulated Order that appointed the Interim Third-Party Manager funded by and managing this grant.

C. PROJECTS AND ACTIVITIES CONDUCTED DURING THE REPORTING PERIOD

The ISO includes thirteen priority projects for the ITPM to accomplish under the terms of the ISO. The activities conducted related to the priority projects (PP) are included in Section I of this report, beginning on page 22.

Beyond the priority project work, many activities have been conducted to comply with the requirements of the ISO during this reporting period. These include:

The Financial Plan: The required Financial Management Plan was submitted on January 29, 2023. The plan lays out a path to financial sustainability for the Jackson water system. Within five years, the utility can become solvent, meeting metrics of an "A" rated utility, with 90-days cash on hand and generating $20 million each year for reinvestment in local infrastructure. However, the system cannot become financially sustainable (i.e., fully funding from local water and sewer revenues) without retiring all debt as soon as possible. The system has over $280 million in debt. Of this, $169 million is general revenue debt (secured with a pledge of water and sewer revenues), $32 million in Drinking Water State Revolving Loan Fund debt, and $82 million in Clean Water State Revolving Loan Fund debt.

The continued strain due to this debt on the Jackson utility finances has eroded the System's liquidity, creating a need for support from the City's General Fund and 1% infrastructure tax funds. The system is projected to require more than $20 million from the City's General Fund to meet the obligations in 2023.

Additionally, Jackson is in violation of the bond covenants associated with the water system private debt and as such revenues cannot be directly received by the Third-Party Manager. All revenues currently flow directly to the City and a portion, $ 1,000,000 per month, flows to the ITPM for operations and maintenance, half of the estimated $2 M per month required to adequately operate and maintain the system.

According to the plan, the funds provided by the Omnibus Act, when applied per the plan (retiring debt and facilitating the generation of local revenue to reinvest on an annual basis), are sufficient to:

- Retire all debt (SDWA and Clean Water Act (CWA) related)
- Make the needed repairs to the OB Curtis Treatment Plant to extend its useful life beyond 2040

- Accomplish all of the priority projects included in the Stipulated Order
- Find and fix leaks to eliminate the need for the JH Fewell plant - and allow it to be decommissioned within 3 years
- Identify and implement pressure sustaining improvements to the distribution system
- Replace the small diameter water lines throughout the city (over the next 10-20 years)

The system would be sustainable under this plan and future need of Federal support would be limited to appropriate use of the existing state revolving fund (SRF) and Water Infrastructure Finance and Innovation Act (WIFIA) programs (if needed at all). Opportunistic use of future grant programs would continue to be pursued to ensure Jacksonians get their fair share of all Federal water-related funding programs.

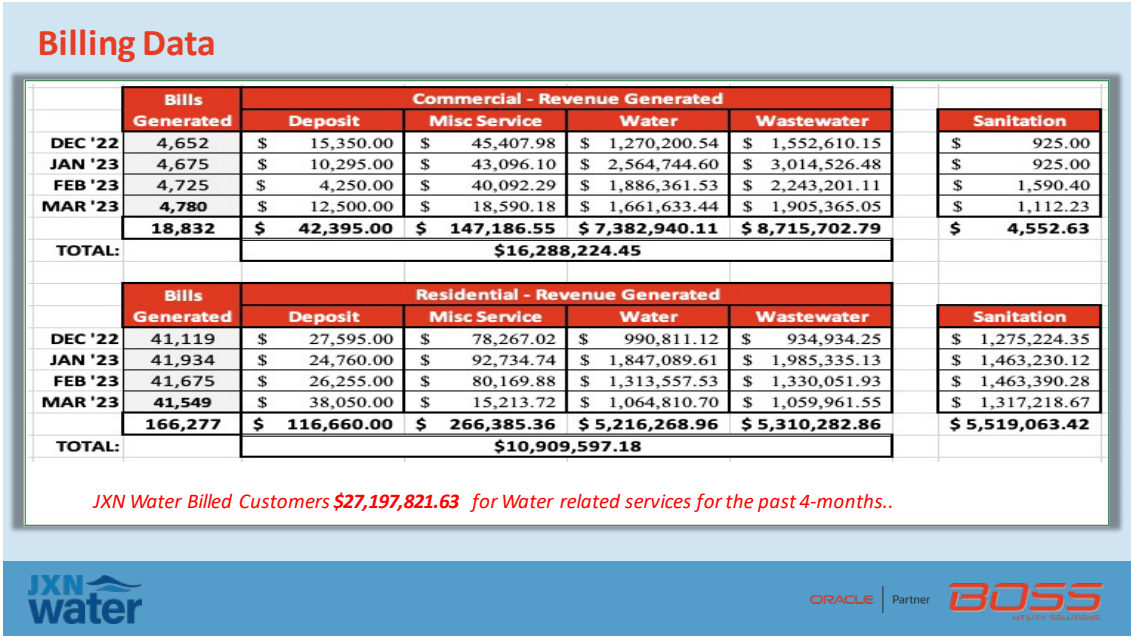
The Financial Management Plan uses $290 million of the $450 million SRF funds provided by the Omnibus Act for debt retirement. Retiring the debt allows the System to become financially sustainable by 2029, meeting the financial metrics for "A" rated utilities; 90-days cash on hand and generating $20 million per year (approximately 2.5% of the plant value of the System) for reinvestment. Over the 20-year planning period, more than $370 million will be generated locally, $80 million more than the $290 million in Omnibus SRF funding used to pay off the debt while avoiding $100 million in interest payments. Debt retirement is key to the system's financial sustainability.

Currently the funding from the Consolidated Appropriations Act (CAA) 2023 can only be used to retire debt eligible under the Drinking Water State Revolving Loan Fund. A potential legislative solution would be to get a text amendment made to the CAA 2023 that allows the funds appropriated for the Jackson water system to be used to retire all debt associated with the system, whether SDWA eligible or CWA eligible. The ITPM is pursuing this legislative solution and work will continue into Q2 to expand debt retirement opportunities.

Billing and Collections: JXN Water continues to work to resolve billing issues that continue to hamper collection of water-related revenues. Meter change outs, poor data quality for customer accounts, the mixture of various meter types in service, and lack of adequately trained and skilled staff have allowed a significant number of bills to become "stranded" in the billing system. Other customers report unsuccessful efforts to even have bills generated over the past years. During the reporting period, a focused effort was made to get these bills released and out to customers. Unfortunately, this effort released hundreds of extremely high bills, that were based on erroneous estimates. Those with erroneous estimates were corrected and re-billed. Efforts continue to resolve all these issues which will continue to be challenges until all meters are changed out.

Billing data, which includes deposits for new services, miscellaneous charges (primarily connection fees) and actual water and sewer charges, is shown in Figure 1 and payment data in Figure 2 for the four months, December 2022 through March 2023. The collection rate for this period was 56 percent.

Figure 1 – Billing Data



Billing Data

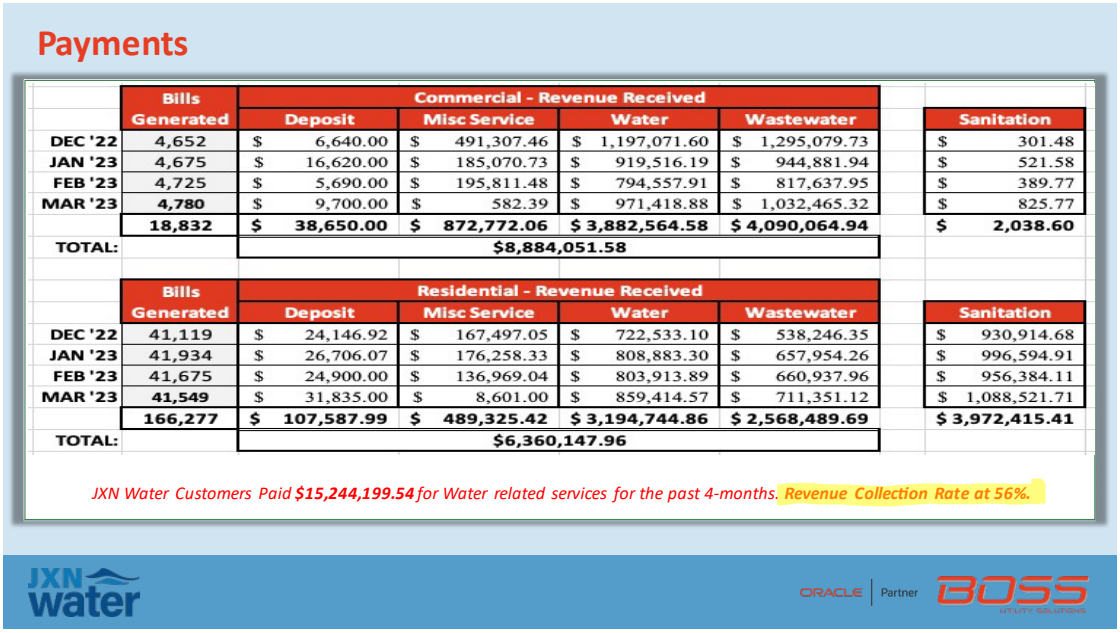
	Bills Generated	Commercial - Revenue Generated				
		Deposit	Misc Service	Water	Wastewater	Sanitation
DEC '22	4,652	$ 15,350.00	$ 45,407.98	$ 1,270,200.54	$ 1,552,610.15	$ 925.00
JAN '23	4,675	$ 10,295.00	$ 43,096.10	$ 2,564,744.60	$ 3,014,526.48	$ 925.00
FEB '23	4,725	$ 4,250.00	$ 40,092.29	$ 1,886,361.53	$ 2,243,201.11	$ 1,590.40
MAR '23	4,780	$ 12,500.00	$ 18,590.18	$ 1,661,633.44	$ 1,905,365.05	$ 1,112.23
	18,832	$ 42,395.00	$ 147,186.55	$ 7,382,940.11	$ 8,715,702.79	$ 4,552.63
TOTAL:		$16,288,224.45				

	Bills Generated	Residential - Revenue Generated				
		Deposit	Misc Service	Water	Wastewater	Sanitation
DEC '22	41,119	$ 27,595.00	$ 78,267.02	$ 990,811.12	$ 934,934.25	$ 1,275,224.35
JAN '23	41,934	$ 24,760.00	$ 92,734.74	$ 1,847,089.61	$ 1,985,335.13	$ 1,463,230.12
FEB '23	41,675	$ 26,255.00	$ 80,169.88	$ 1,313,557.53	$ 1,330,051.93	$ 1,463,390.28
MAR '23	41,549	$ 38,050.00	$ 15,213.72	$ 1,064,810.70	$ 1,059,961.55	$ 1,317,218.67
	166,277	$ 116,660.00	$ 266,385.36	$ 5,216,268.96	$ 5,310,282.86	$ 5,519,063.42
TOTAL:		$10,909,597.18				

*JXN Water Billed Customers **$27,197,821.63** for Water related services for the past 4-months..*

JXN water ORACLE | Partner BOSS UTILITY SOLUTIONS

Figure 2 – Payment Data



Payments

	Bills Generated	Commercial - Revenue Received				
		Deposit	Misc Service	Water	Wastewater	Sanitation
DEC '22	4,652	$ 6,640.00	$ 491,307.46	$ 1,197,071.60	$ 1,295,079.73	$ 301.48
JAN '23	4,675	$ 16,620.00	$ 185,070.73	$ 919,516.19	$ 944,881.94	$ 521.58
FEB '23	4,725	$ 5,690.00	$ 195,811.48	$ 794,557.91	$ 817,637.95	$ 389.77
MAR '23	4,780	$ 9,700.00	$ 582.39	$ 971,418.88	$ 1,032,465.32	$ 825.77
	18,832	$ 38,650.00	$ 872,772.06	$ 3,882,564.58	$ 4,090,064.94	$ 2,038.60
TOTAL:		$8,884,051.58				

	Bills Generated	Residential - Revenue Received				
		Deposit	Misc Service	Water	Wastewater	Sanitation
DEC '22	41,119	$ 24,146.92	$ 167,497.05	$ 722,533.10	$ 538,246.35	$ 930,914.68
JAN '23	41,934	$ 26,706.07	$ 176,258.33	$ 808,883.30	$ 657,954.26	$ 996,594.91
FEB '23	41,675	$ 24,900.00	$ 136,969.04	$ 803,913.89	$ 660,937.96	$ 956,384.11
MAR '23	41,549	$ 31,835.00	$ 8,601.00	$ 859,414.57	$ 711,351.12	$ 1,088,521.71
	166,277	$ 107,587.99	$ 489,325.42	$ 3,194,744.86	$ 2,568,489.69	$ 3,972,415.41
TOTAL:		$6,360,147.96				

*JXN Water Customers Paid **$15,244,199.54** for Water related services for the past 4-months. Revenue Collection Rate at 56%.*

JXN water ORACLE | Partner BOSS UTILITY SOLUTIONS

Obtaining Funding: The ITPM worked with EPA to apply for the portion of the funding provided by the US Congress in the CAA, 2023 flowing through the authority of the SDWA, Section 1442 (b). The grant application was completed and submitted for an initial approval amount of $115.1 million (of the appropriated $150 million) as listed in Figure 3. This funding is critical for the ITPM to pay for work already started on several of the highest priority projects.

Figure 3 – Projects Included in First Phase Application for SDWA 1442 (b) Grant

Priority Project No.	Description	Total (Millions)		2023	2024	2025
5.a.ii	Valve and Hydrant Assessment	$ 7.4		$ 4.9	$ 2.5	
5.a.vii	Service Line Inventory	$ 0.1		$ 0.1		
5.a.iv	Distribution System Leaks – Find and Fix	$ 22.5		$ 10.0	$ 7.5	$ 5.0
1	Phase 2 O&M Contract - Open Book Actual Cost	$ 12.0		$ 12.0		
1	Phase 3 O&M Contract - Long Term Fixed Price	$ 63.0		$ 13.0	$ 25.0	$ 25.0
6	System Stabilization and Sustainability Plan	$ 2.0		$ 2.0		
	ITPM Professional Budget	$ 8.5		$ 0.9	$ 3.8	$ 3.8
	TOTAL 1442(b)	**$115.5**		**$42.9**	**$38.8**	**$33.8**

Access to the appropriated Federal funding has been challenging and poses a threat to the timely completion of many priority projects as well as establishing a sustainable utility. This funding was expected to be received by the end of April, but has not been as of the date of this submittal (April, 28, 2023). The balance of the funding from the CAA 2023 will be provided through the existing State Revolving Loan Fund (SRF). The ITPM developed a work plan for these funds for inclusion in the state's intended use plan. The ITPM work plan is under review by EPA Region 4 with no estimate of when that review will conclude and when those funds will be made available to the ITPM for the recovery of the Jackson water system.

Community Benefits: During this reporting period the ITPM partnered with the Community Foundation for Mississippi and the Hinds Community College to establish a scholarship for Jackson Public School students pursuing a course of study in science, technology, engineering, or math that could lead to a career in a water related field. The funding for this workforce development program was a combination of donations and seed money from JXN Water.

The JXN Water contribution was funded with interest earned during the reporting period. Section 13 d. of the ISO grants the ITPM **financial control and fiduciary responsibility** over the Capital Improvements Account, **including accrued interest**. The funding in the Capital account is the exact match required to pull down the maximum amount of state American Rescue Plan Act (ARPA) funding. The interest accrued will not increase the state match and can be used for other needed expenses without impacting ARPA funding. During this reporting period, a portion of the interest was also used for employee development and purchase of needed goods and services (safety gear for ITPM employees, water testing consumables and equipment needed for identifying closed valves, and similar items) that were not included in the budget for the ITPM grant as there are no other sources of funding available for these needed expenditures.

Disputed Debt: The ITPM inherited nearly $56 million in billing arrearages. Many accounts had arrearages dating back years due to the many metering and billing challenges over the past decade in Jackson. Almost all account arrearages could be attributed, in whole or in part, to those challenges or to billing for inadequate or non-existent services. Hundreds of these bills had been disputed prior to the appointment of the ITPM, and the disputes remained unresolved. Lacking adequate information to defend prior billing or resolve disputed bills, the ITPM instituted a program to compromise debt that pre-dated the ITPM appointment for all disputed accounts. To accomplish this, the ITPM retained Promise Pay to gather attestations from customers that had aging arrearages (prior to December 1, 2022) and that had disputed these charges. More than 7,000 accounts completed the attestation process resulting in compromise of more than $16 million in disputed, aged balances during the reporting period.

Low Income Household Water Assistance Program (LIHWAP): For debt that accrued post the appointment of the ITPM, the ITPM retained Promise Pay to identify qualified applicants and apply for the LIHWAP grant funding on behalf of JXN Water. 247 accounts were approved for assistance and JXN Water was awarded more than $550,000 in grant funding to relieve debt for eligible account holders.

Community Engagement: The ITPM participated in numerous meetings to discuss the ISO and the ITPM role in stabilizing and restoring the Jackson water system. The ITPM met with more than a dozen community groups and was a guest on three radio talk shows.

Minority Business Enterprise Engagement: The ITPM held an inclusive business open house in January attracting more than 100 small, minority contractors. The attendees formed the initial list of minority contractors interested in doing business with the ITPM. A direct outcome was the hiring of IMS Engineers, GCW Paving, and Hardaway Real Estate, three firms in attendance.

Mississippi Municipality & County Water Infrastructure Grant Program Act (MCWI): The ITPM worked with the Mississippi DEQ to obtain grant approvals for two of the MCWI projects. One of the two projects has begun, General Filter Upgrade at O B Curtis Water Treatment Plant (OBC) with the first invoices coming due in early Q2. The other, Chemical Feed Automation at OBC and J H Fewell Water Treatment Plant is under design.

Water and Sewer Billing Administration (WSBA): The ITPM continues to work to improve service to customers as well as the accuracy and collection rates for all services billed by the WSBA. While plans had been underway to relocate WSBA staff from the aging and failing Metro Center prior to the appointment of the ITPM, those plans were accelerated when a storm blew out the glass from the public entrance and rendered that entrance unsafe for public use for more than two weeks. The WSBA closed to the public and the ITPM began to redirect in-person payments to the 15 locations (businesses with cashiering functions in partnership with the WSBA's bill processing service) for all in-person payments. This will be a permanent solution for in-person payments going forward. The ITPM is now working with vendors to remove the small transaction fee charged to customers for this convenience as well as any fees related to use of credit cards to make payment.

The call center at WSBA was tremendously understaffed when the ITPM was appointed. Temporary staffing agencies have provided stop-gap customer service staff, but the long-term solution lies in outsourcing the entire call center. Options are being evaluated with outsourcing likely in Q2.

Billing and payment functions are also being evaluated. Currently the system responsibilities are split between too many parties and the ITPM is looking to consolidate operations and responsibility to a single entity. Work will continue on finding the appropriate option in Q2.

Recovery from December Water Crisis: The ITPM spent much of January stabilizing the system after the December Water Crisis reported in the first quarterly report. System pressures were fully restored by mid-January.

System Pressure Improvements: A by-product of the December crisis was a focus on the distribution system by the ITPM staff. As Jacobs' staffing levels increased and experience with the plant operations developed, the ITPM staff was able to turn to challenges with the distribution system.

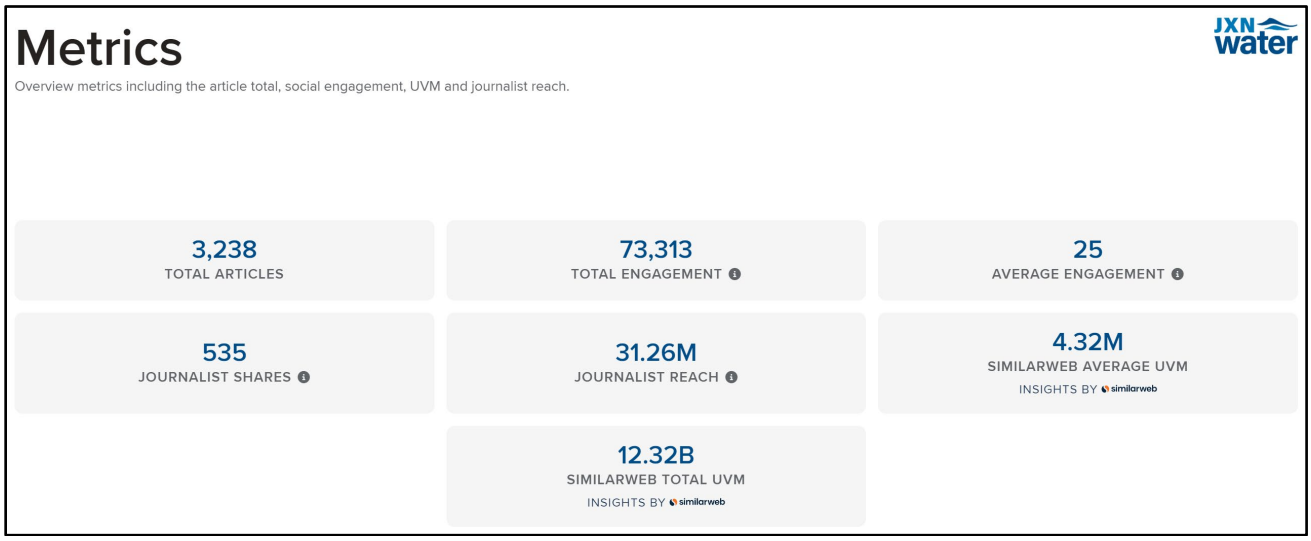
Valve condition and position has been an area of concern for the ITPM since before the order was entered. The ITPM solicited proposals from national valve assessment companies in December 2022, making an award for a full assessment contract in early January 2023. Wachs Water was awarded this work and mobilized a few crews in January to assist the ITPM staff.

ITPM staff members, Jordan Hillman and Terence Byrd, began their efforts to find valves suspected of being closed (partially or fully) and impacting system pressures. They study the distribution maps, elevation of water in the system storage tanks, as well as plant pressure and production data to point them to an area of interest. They conduct field investigation using chemical analysis of water sampled from hydrants in those areas to narrow their search to specific valves. Once a suspect valve is identified, they mobilize the valve assessment contractor – Wachs Water – to assess the valve position, exercise the valve, and put it in the appropriate open position.

As of the end of the quarter, more than 40 large diameter valves had been found closed on transmission and large distribution pipes throughout the system and had been opened. The result has been a significant increase in pressure throughout the system, much more stable operations, and improved storage in all tanks throughout the system. Additionally, using the same techniques, the surface water system has been isolated from the groundwater system, improving performance and operations in both systems.

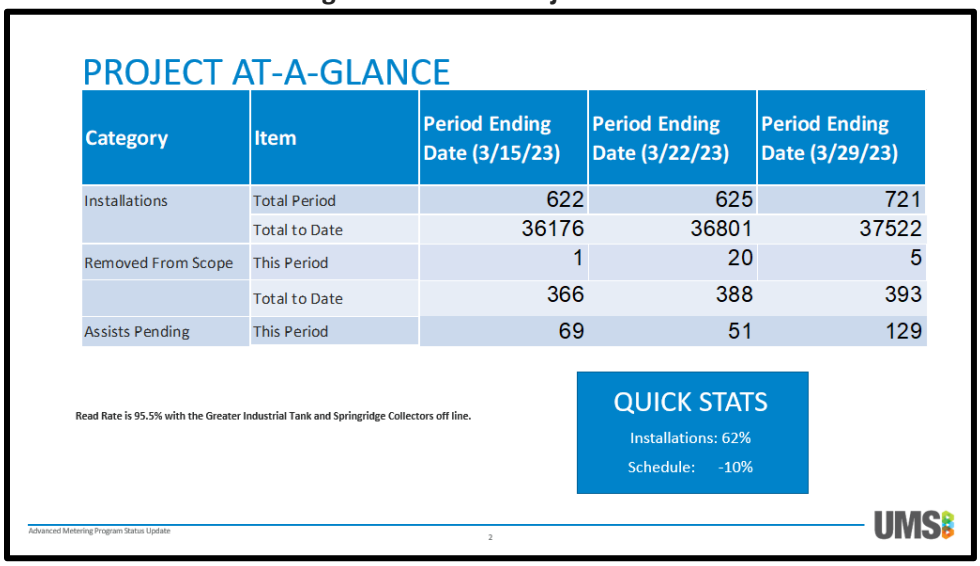
Social Media Reach

Figure 4 – Social Media Reach



Metering: The contract to install Automated Metering Infrastructure (AMI) continued in the quarter. Early in the quarter, deficiencies were identified with installation quality, in particular, the elevation of the top of the meter boxes. The new installations were stopped for 30 days while the contractor worked to correct the deficiencies and establish new standards for new installations. Meter installs have resumed and the project remains approximately 10 percent behind schedule. The project status is summarized in Figure 5.

Figure 5 – Meter Project Status



Meter maintenance has also been an area of focus of the ITPM's. In house meter maintenance crews and contract installers and maintenance crews are often dispatched to the same premise with both pointing fingers at the other. This inefficiency and poor service will continue to be a growing problem as the new meter installations reach a critical mass (already account for more than 60 percent of all meters). As a result, meter maintenance, meter reading, and all other meter related functions were studied for potential outsourcing, likely to be done in Q2.

Legislative Challenges to Rate Setting: The ITPM spent significant time addressing questions by legislators and the Governor related to various legislative initiatives directed at the ITPM's work. While most of these ultimately died in the legislative process, one bill was passed to try to limit the ITPM's authority to generate revenue using equitable rates. The ITPM is conducting a legal review of this law and will determine options available to establish equitable system revenue alternatives in Q2 or Q3.

The Financial Management Plan requires a stable and significant source of revenue by the beginning of fiscal year 2024 to put the utility on a path toward financial stability by 2029. It does not appear all metering issues will be resolved before that time, nor will customer confidence have been restored (or perhaps established) in any metering solution that quickly. An interim rate and collection alternative may be needed to bridge this confidence gap and will be evaluated in depth during the next reporting period.

Judicial Activities: The ITPM participated in two status conferences, a meeting with Judge Wingate and his clerk, as well as organizing a tour of the water treatment plants at the Judge's request during the reporting period.

D. SUMMARY OF DELAYS ENCOUNTERED OR ANTICIPATED

No delays that should impact the achievement of the objectives of the ISO were encountered during the reporting period. The most significant potential delay continues to be approval and access to the funding appropriated by Congress but not yet available to the ITPM. Continued delays will impact the ability for the ITPM to pay invoices when due and ultimately erode the trust and confidence the ITPM has built with the various consultants, contractors, and vendors. Slow and/or inconsistent access to funding could derail the entire effort to restore the water system.

E. MODIFICATIONS TO THE PRIORITY PROJECT LIST OR SCHEDULE

Two priority projects have slipped from the schedule as submitted in the implementation schedule developed in January 2023, using the best available information at the time the schedule was developed.

Priority Project 1 – The O&M contract, Phase 2 was scheduled to be complete in July 2023. Once Jacobs was on-board in February, a new schedule was developed for Phase 2 (the long-term fixed-price contract) to allow Jacobs more time to understand the level of effort and cost to operate. To accommodate Jacobs' need to obtain better information, the target date to have the Phase 2 contract in place has been adjusted to October 31, 2023.

Priority Project 6 – The System Stability and Sustainability Plan, was originally projected to be complete in March 2023. With more information about what will be required to complete that plan (modeling,

demand analysis, etc.,) a more realistic completion target for this Plan is December 31, 2023. That said, significant system stability and sustainability progress has been made to the water system as detailed in this and the prior quarterly report.

F. ACCOUNTING OF ITPM PROFESSIONAL BUDGET

The summary financial report for the quarter is shown in Figure 6. All budget categories are at or below the annual percentage (four months in this reporting period to include eligible pre-award costs in December 2022).

Contractor and Consultant Support and Services is slightly above the 33 percent target due to significant one-time costs to the billing and collections consultant (Promise Pay) during this reporting period. An ITPM budget amendment has been proposed and submitted to provide additional funding for billing and collection contract support that was not included in the original approved budget. This work is related to the Water and Sewer Billing Administration which was added to the ISO after the budget was developed. Details of all ITPM Professional Budget spending can be found in Figure 7.

Figure 6

Financial Report from 12/01/22 through 3/31/23 (33% of budget year)

	BUDGET	EXPENSE THRU 3/31	BALANCE	PERCENT OF BUDGET
ITPM Compensation - $33,333.33/month				
• Salary • Living expenses • Travel expenses	$400,000			
ITPM Compensation Sub-total	***$400,000***	$133,333.32	***$266,666.68***	***33.3%***
ITPM Staff Compensation and Expenses				
• Local deputy administrator/senior project manager • Project managers/contract inspectors • Contract administrator/invoice processor • Environmental compliance manager • Other staff as needed	$725,000	$242.137.10		
• Payroll taxes, fringe benefits, and human resources administration	$385,500	$25,729.67		
ITPM Staff Compensation and Expenses Sub-total	***$1,110,500***	$267,866.77	***$842,633.23***	***24.1%***
ITPM Contractor and Consultant Support and Services				
• General and regulatory legal support	$200,000	$56,694		
• Accounting • Financial advisor	$300,000	$66,194.11		
• Engineering • Information technology and website	$450,000			
• Community engagement/governance development • Pricing/rates • Other contractors and consultants as needed	$450,000	$358,477.26		
ITPM Contractor and Consultant Support and Services Sub-total	***$1,400,000***	$480,634.33	***$919,365.67***	***34.3%***
Other Direct Expenses				
• Phones and computers for ITPM and staff • Professional liability insurance • Office supplies/miscellaneous consumables • Other direct expenses as needed				
Other Direct Expenses Sub-total	***$66,000***	$1,918.12	***$64,081.88***	***2.9%***
OVERALL ITPM PROFESSIONAL BUDGET TOTAL	***$2,976,500***	$883,752.54	***$2,092,747.46***	***28%***

Figure 7 (Page 1)

Detailed Spending ITPM

DATE	TYPE	TRANSACTION NUM	NAME	MEMO/DESCRIPTION	SPLIT	AMOUNT	BALANCE
Ordinary Income/Expenses Income							
Grants							
1 17 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 011723B0000088	ITPM PROFESSIONAL (2979) - 1	33,000.00	33,000.00
1 17 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 011323A0000015	ITPM PROFESSIONAL (2979) - 1	33,333.33	66,333.33
1 25 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 012423A0000013	ITPM PROFESSIONAL (2979) - 1	5,000.00	71,333.33
1 31 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 013023A0000013	ITPM PROFESSIONAL (2979) - 1	54,000.00	125,333.33
2 01 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 020123B0000044	ITPM PROFESSIONAL (2979) - 1	10,000.00	135,333.33
2 07 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 020723B0000056	ITPM PROFESSIONAL (2979) - 1	18,500.00	153,833.33
2 09 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 020923E0000201	ITPM PROFESSIONAL (2979) - 1	23,119.25	176,952.58
2 13 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 021323B0000047	ITPM PROFESSIONAL (2979) - 1	20,000.00	196,952.58
2 17 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 021623A0000014	ITPM PROFESSIONAL (2979) - 1	15,500.00	212,452.58
2 17 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 021623J0000447	ITPM PROFESSIONAL (2979) - 1	10,000.00	222,452.58
3 01 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 030123E0000192	ITPM PROFESSIONAL (2979) - 1	35,000.00	257,452.58
3 02 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 030123A0000005	ITPM PROFESSIONAL (2979) - 1	54,184.72	311,637.30
3 06 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 030623E0000203	ITPM PROFESSIONAL (2979) - 1	52,016.35	363,653.65
3 23 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 032223A0000010	ITPM PROFESSIONAL (2979) - 1	29,500.00	393,153.65
3 28 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 032823B0000043	ITPM PROFESSIONAL (2979) - 1	15,000.00	408,153.65
3 31 2023	Deposit		ITPM:ITPM - EPA	ACH DEPOSIT: ASAP GRANT PAY CTX ACH DEPOSIT: ASAP GRANT PAY CTX 033023A0000012	ITPM PROFESSIONAL (2979) - 1	100,000.00	508,153.65
Total for Grants						**$508,153.65**	
Total for Income						**$508,153.65**	
Expenses							
Bank Charges							
1 31 2023	Expense			MAINTENANCE FEE: CORPORATE SERV MAINTENANCE FEE: CORPORATE SERVICESFEE	ITPM PROFESSIONAL (2979) - 1	100.00	100.00
2 28 2023	Expense			MAINTENANCE FEE: CORPORATE SERV MAINTENANCE FEE: CORPORATE SERVICESFEE	ITPM PROFESSIONAL (2979) - 1	365.52	465.52
3 31 2023	Expense			MAINTENANCE FEE: CORPORATE SERV MAINTENANCE FEE: CORPORATE SERVICESFEE	ITPM PROFESSIONAL (2979) - 1	265.52	731.04
Total for Bank Charges							**$731.04**
Contractual							
Accounting							
2 14 2023	Expense		Bill.Com	ACH DEBIT: BILL.COM LLC BILLING ACH DEBIT: BILL.COM LLC BILLING CCD 02B4PEWDCYX6959	ITPM PROFESSIONAL (2979) - 1	80.13	80.13
3 14 2023	Expense		Bill.Com	ACH DEBIT: BILL.COM LLC BILLING ACH DEBIT: BILL.COM LLC BILLING CCD 02B4MTEBOHB6QZ9	ITPM PROFESSIONAL (2979) - 1	143.04	223.17
3 30 2023	Bill	103152	Matthews Cutrer & Lindsay, PA	Accounting Services	Accounts Payable (A/P)	10,970.94	11,194.11
Total for Accounting							**$11,194.11**
Billing							
02/24/2023	Bill	1273	Promise Network Inc.	Consulting for WSBA collections for debt relief and payment plans	Accounts Payable (A/P)	250,000.00	250,000.00
03/10/2023	Bill	1281	Promise Network Inc.	SaaS Subscription for LIWAP Platform Fee	Accounts Payable (A/P)	50,000.00	300,000.00
Total for Billing							**$300,000.00**
Communications/PR							
2 09 2023	Bill	3445	Fahrenheit Creative Group LLC	January Comms Support	Accounts Payable (A/P)	23,119.25	23,119.25
2 18 2023	Bill	1572	kso design	Design for logo, ltr head, BCs	Accounts Payable (A/P)	1,375.00	24,494.25
3 07 2023	Bill	3463	Fahrenheit Creative Group LLC	February Comms Support	Accounts Payable (A/P)	24,926.25	49,420.50
Total for Communications/PR						**$49,420.50**	
01/31/2023	Bill	123745	PFM Financial Advisors, LLC	Financial Management Plan Development	Accounts Payable (A/P)	35,000.00	35,000.00
03/25/2023	Bill	124029	PFM Financial Advisors, LLC	Financial Management Services	Accounts Payable (A/P)	20,000.00	55,000.00
Total for Financial Management						**$55,000.00**	
Legal							
1 29 2023	Bill	15057	AQUALAW PLC	Legal Services December 2022	Accounts Payable (A/P)	11,990.00	11,990.00
1 29 2023	Bill	1130120	FORMAN WATKINS & KRUTZ, LLP	Legal Services - December 2023	Accounts Payable (A/P)	1,332.50	13,322.50
2 16 2023	Bill	15105	AQUALAW PLC	Legal Services January 2023	Accounts Payable (A/P)	8,508.00	21,830.50
3 01 2023	Bill	1131111	FORMAN WATKINS & KRUTZ, LLP	Legal Services - January 2023	Accounts Payable (A/P)	34,863.50	56,694.00
Total for Legal						**$56,694.00**	
Occupancy							
01/25/2023	Expense			ACH DEBIT: Smithshore LLC/ RESI ACH DEBIT: Smithshore LLC/ RESIDENT WEB Ted Henifin	ITPM PROFESSIONAL (2979) - 1	1,161.2 9	1,161. 29
02/22/2023	Expense			ACH DEBIT: Smithshore LLC/ RESI ACH DEBIT: Smithshore LLC/ RESIDENT WEB JXN Water Inc	ITPM PROFESSIONAL (2979) - 1	1,736.7	2,898. --
2 22 2023	Expense		Smithshore LLC	ACH DEBIT: Smithshore LLC/ RESI ACH DEBIT: Smithshore LLC/ RESIDENT WEB JXN Water Inc	ITPM PROFESSIONAL (2979) - 1	900.00	3,798.00

Figure 7 (Page 2)

Detailed Spending ITPM

3 03 2023	Expense			Smithshore LLC	ACH DEBIT: Smithshore LLC/ RESI ACH DEBIT: Smithshore LLC/ RESIDENT WEB JXN Water Inc	ITPM PROFESSIONAL (2979) - 1	900.00	4,698.00
3 03 2023	Expense			Smithshore LLC	ACH DEBIT: Smithshore LLC/ RESI ACH DEBIT: Smithshore LLC/ RESIDENT WEB JXN Water Inc	ITPM PROFESSIONAL (2979) - 1	900.00	5,598.00
Total for Occupancy							**$5,598.00**	
Other								
03/20/2023	Bill	651442	Edward Henifin		Bus for tour with Judge	Accounts Payable (A/P)	2,025.49	2,025.49
03/26/2023	Bill	03262023	Edward Henifin		Final bus payment, water, ice, and tip for Judge tour	Accounts Payable (A/P)	702.23	2,727.72
Total for Other							**$2,727.72**	
Total for Contractual							**$480,634.33**	
Payroll Expenses								
ITPM Compensation								
2 03 2023	Journal Entry	1000			Reclass THenifin Wages	-Split-	23,900.94	23,900.94
2 03 2023	Journal Entry	1000			Reclass THenifin Reimbursements	-Split-	9,432.39	33,333.33
2 15 2023	Journal Entry	1001			Reclass THenifin reimbursements	-Split-	20,511.99	53,845.32
2 15 2023	Journal Entry	1001			Reclass THenifin wages	-Split-	12,821.34	66,666.66
3 10 2023	Journal Entry	1002			Reclass THenifin Wages	-Split-	26,335.47	93,002.13
3 10 2023	Journal Entry	1002			Reclass THenifin Reimbursements	-Split-	6,997.86	99,999.99
3 24 2023	Journal Entry	1003			Reclass THenifin Wages	-Split-	22,953.10	122,953.09
3 24 2023	Journal Entry	1003			Reclass THenifin Reimbursements	-Split-	10,380.23	133,333.32
Total for ITPM Compensation							**$133,333.32**	
ITPM Employee Wages								
02/28/2023	Journal Entry	1004			Reclass Feb 2023 wages and taxes to be categorized under the project	-Split-	62,495.38	62,495.38
03/31/2023	Journal Entry	1005			Reclass March 2023 wages and taxes to be categorized under the project	-Split-	179,641.72	242,137.10
Total for ITPM Employee Wages							**$242,137.10**	
Taxes								
02/28/2023	Journal Entry	1004			Reclass Feb 2023 wages and taxes to be categorized under the project	-Split-	8,400.61	8,400.61
03/31/2023	Journal Entry	1005			Reclass March 2023 wages and taxes to be categorized under the project	-Split-	17,329.06	25,729.67
Total for Taxes							**$25,729.67**	
Total for Payroll Expenses							**$401,200.09**	
Supplies								
03/20/2023	Bill	0310653731	Edward Henifin		Business Cards for Tiana and Tariq	Accounts Payable (A/P)	500.75	500.75
03/22/2023	Bill	3 22 2023	Edward Henifin		Reimbursement for HP Printer and Truck Battery WSBA	Accounts Payable (A/P)	686.33	1,187.08
Total for Supplies							**$1,187.08**	
Total for Expenses							**$883,752.54**	
Net Income							($375,598.89)	

G. PROJECTION OF WORK TO BE PERFORMED DURING THE NEXT REPORTING PERIOD

Next reporting period work on priority projects is included in this report with the status of current work on each project in the PPL starting on page 21. Other work, not directly related to the PPL will include:

- Developing a sustainable water maintenance pipe repair process – adding new on-call contract resources available to JXN Water
- Implementing a Work Order System
- Outsourcing the Call Center
- Purchasing and build-out of a new administrative facility
- Gathering community input on future revenue approaches and governance
- Development of a strategic communications plan
- Finalizing the pilot project for small diameter pipe replacement
- Improving billing and collection efforts – move beyond the current 56 percent collection rate
- Identifying and resolving significant water loss – continue our successful program which has resulted in a clear downward trend in water production needs from the plants and wells

H. FEDERAL GRANT ACCOMPLISHMENTS IN RELATION TO REQUIRED OUTPUTS AND OUTCOMES

Goal 1 - Establish the Interim Third-Party Manager (ITPM) to operate, maintain, manage, and control the System in compliance with the SDWA. Comply with all requirements of the Order.

Goal 1 was achieved during the quarter ended March 31, 2023. The ITPM established JXN Water, Inc., as the business entity required to achieve the goals and objectives of the Interim Stipulated Order and this grant.

The approved grant workplan included five tasks under Goal 1 for the Interim Third-Party Manager. While the stated goal was accomplished with establishment of the ITPM, these five tasks will continue throughout the term of the grant. Accomplishments during the quarter are listed below:

- **Implement the Project Priority List Implementation Schedule.**
  The Priority Project schedule was developed and submitted. Progress on PPL projects is provided within this report. This work will continue throughout the grant period in accordance with the schedule (as revised in Section E, herein).

- **Advise, consult, and collaborate with the Director of Public Works.**
  Regular communications and meetings are held with the Director of Public Works and will continue throughout the grant term.

- **Perform reporting requirements; and respond to requests.**
  Have complied with all reporting requirements and requests during the quarter.

- **Hire, enter into contracts, alter existing contracts, seek out other funding sources, and make purchases for the benefit of the System.**
  See details herein.

- **Develop and implement a Financial Management Plan for the System.**
  Plan was developed and submitted on January 29, 2023, as required. Implementation is on-going.

Support Personnel:

Lacking a durable entity, the ITPM formed a corporation under Mississippi law to execute contracts, hire staff, open bank accounts, and conduct all business required to implement the requirements of the Interim Stipulated Order(ISO). This entity, JXN Water, is only a temporary entity intended to bridge the governance gap between the entry of the order (November 29, 2022) and the formation of a new governance structure to maintain and operate the Jackson water system in the future. Until a permanent, durable entity is established, hiring support staff is challenging as no long-term employment can be guaranteed. For this reason, the majority of hires have all been current city employees.

The City of Jackson employees working in water funded positions were all put under the ITPM's control by the ISO. A select few have been detailed full-time to supporting the ITPM. The ITPM defined new jobs for these individuals with new responsibilities and authority. As a result, market salaries for the newly defined roles were established. The City of Jackson continues to pay these individuals at their former city rate of pay and continues to provide full benefits. The City intends to invoice the ITPM for all employee costs for all employees working in water system funded positions from the time the ISO was entered. That includes the employees detailed full-time to the ITPM. This arrangement, full-time detailing of specific City employees, will remain in place until a permanent governance solution is developed and these employees can transition to positions in that organization.

Support Staff Hired

Chief Operating Officer (in lieu of the original Deputy Position identified in the grant application). The COO is responsible for all water operations (treatment plants, distribution system, wells, tanks) as well as supporting IT (GIS, hydraulic model and work order systems). The former Interim Director of Public Works was selected to fill this position.

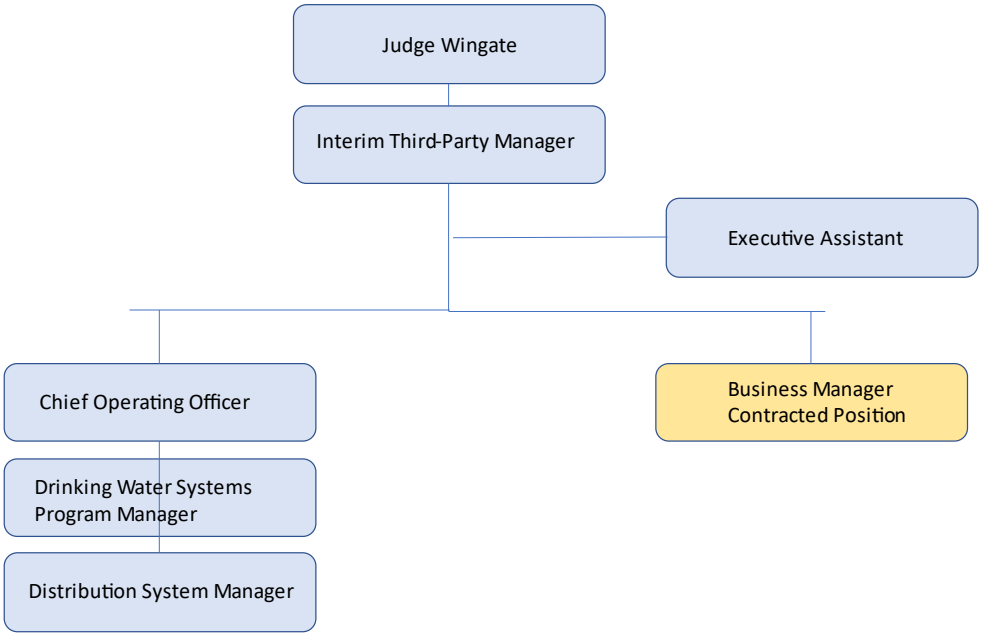
Chief Experience Officer (not in original budget). The CXO is responsible for all customer facing operations – billing, cashier, call center, etc. This position was filled with a former Verizon manager, but it is no longer filled and will not be filled going forward (re-organized with outsourced model).

Drinking Water Systems Program Manager (in lieu of Water Operations Manager in original budget). This position is responsible for providing technical support to the COO for all water treatment and distribution assets and processes. Work includes managing contractors, reviewing designs, coordinating repairs, etc. The former supervisor from the JH Fewell Plant was selected for this position.

Distribution System Manager (Not in original budget). This position is the field coordinator for all maintenance and repair operations in the distribution system. A former crew supervisor from Water Maintenance was selected for this position.

Executive Assistant (Not in original budget). This position provides administrative support to the entire ITPM staff. A former admin from the Public Works Department was selected for this position.

Figure 8 – ITPM and JXN Water Organization Chart



At this time there is one known additional position needed to assist the Distribution System Manager that will be filled in the quarter ending June 30, 2023. The originally envisioned staffing needs are replaced by this organization and are likely not to be filled, but too many unknowns exist to remove those from future consideration at this time. Additionally, all positions below the ITPM are anticipated to transition to O&M funding at some point before Fiscal Year 2026 when revenues are capable of supporting these permanent positions.

Contractual Support for ITPM

Legal Services – Regulatory and General Counsel – AquaLaw (Paul Calamita) has been engaged with the local support of Forman Watkins (Malissa Wilson). Mr. Calamita has 30 years of experience representing public drinking water and sewer utilities nationwide. Ms. Wilson is a Partner at Forman Watkins and her team is able to provide a wide range of necessary support with extensive experience with Mississippi clients.

Accounting – Kim Hardy, CPA with Matthews, Cutrer, and Lindsay has been retained.

IT Support was handled by the COO during this quarter. Contract support will be put into place during the quarter ending June 30, 2023.

Financial Advisor – PFM (Ricardo Callender) has been retained to provide financial advisory services.

Oracle Support – BOSS will continue to perform these functions under their existing contract with the City, ultimately with an expanded role to be negotiated directly with JXN Water in the next quarter.

Water Rate Development and Collection Support – Promise Pay is assisting with collection support.

Communications Support – The Fahrenheit Creative Group has been retained to provide community engagement services, client consultation, account service, project management, communications strategy, crisis communications, copywriting, copy editing, graphic design, social media management, website design and development, and public relations services

Goal 2 – Establish an Operations and Maintenance Contract for the City of Jackson Water System.

This goal was accomplished when Jacobs entered a contract with JXN Water for Operation and Maintenance of the two water treatment plants, the wells, and the storage tanks throughout the system on February 20, 2023. This contract is an open-book time and materials contract for a six-month term. During this term Jacobs will develop a better understanding of the cost to operate and maintain the plants and will use that data to inform their fixed-price bid on a ten-year contract, with a goal of awarding by October 31, 2023.

The contract requires Jacobs to meet all SDWA standards, MSDH regulations, and any other applicable laws, regulations, and standards. During the first quarter there were no violations. The plant outcomes for this quarter follow:

Figure 9 - Water Production (into Distribution System) in million gallons per day

Plant	January	February	March	Q2 Average
OBC Conventional	17.5	14.3	13.4	**15.1**
OBC Membrane	18.4	23.0	23.9	**21.8**
JH Fewell	16.3	12.9	10.9	**13.4**
Total	**52.1**	**50.3**	**48.2**	**50.2**

Power and Chemical Cost for Water Treatment

With Jacobs only operating for 39 days in the quarter, not enough data on cost of treatment has been captured. Future quarterly reports will track the incremental cost of water – the cost of power and chemicals per million gallons treated.

Total Cost of Water per million gallons treated for Q2

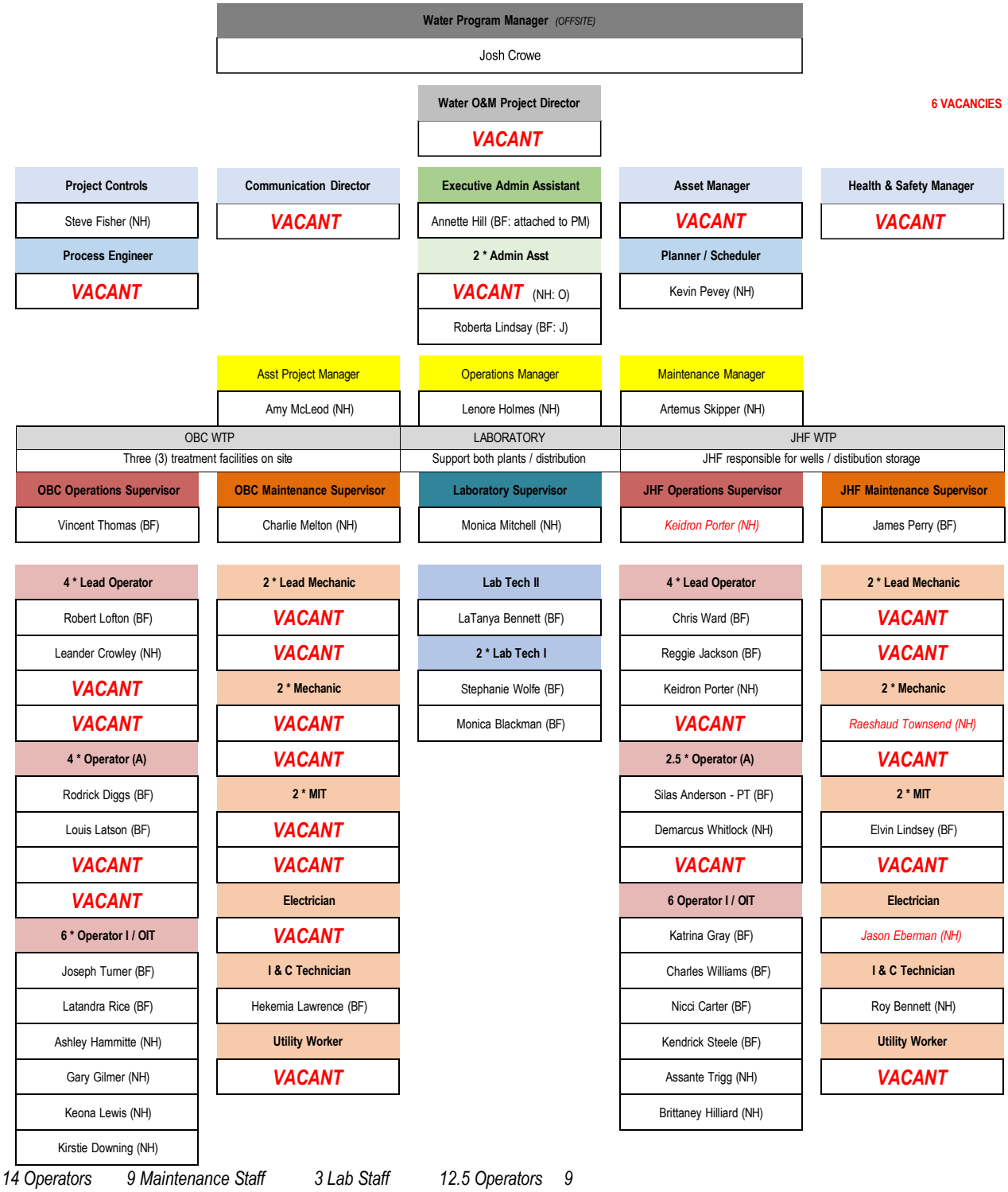
An important metric for water systems is the total cost to treat and produce one million gallons of water. With costs still not fully captured (some on-going costs have not been fully separated from City contracts), JXN Water does not have enough information to accurately determine the full cost of treatment and operations. Future reports will track these important metrics.

O&M Contract Staffing Plan and Progress

Jacobs has been aggressively recruiting to fill all positions in their staffing plan. The plan calls for a long-term total of approximately 52 people with a short-term requirement for an additional 12 maintenance people to expedite corrections and deficiencies related to deferred maintenance. Twenty former City of Jackson water plant employees have been hired by Jacobs along with many other people living in the Jackson metropolitan area. Recruitment will continue through the next quarter.

Figure 10 – Jacobs Staffing Plan with Current Status

UPDATED 03312023



Priority Project Status

The Financial Management Plan, submitted on January 29, 2023, included a spending plan that extends through the 20-year planning period. That plan has been revised throughout the quarter as new information has been gained and more details fleshed out. It is anticipated that the spending plan will continue to be revised throughout the grant term. The current plan is shown in Figure 11.

Figure 11 – Spending Plan with Source Funding

	Source	Project No.	Description	Total	2023	2024	2025	2026	2027	2028
	1442b	2	Winterization	$ 1.0	$ 1.0					
	1442b	3	Corrosion Control	$ 1.0	$ 1.0					
	1442b	5.a.ii	Valve and Hydrant Assessment	$ 7.4	$ 4.9	$ 2.5				
	1442b	5.a.vii	Service Line Inventory	$ 0.1	$ 0.1					
	1442b	5.a.iv	Distribution System Leaks - Find and Fix	$ 22.5	$ 10.0	$ 7.5	$ 5.0			
	1442b	7	SCADA Improvements	$ 5.0	$ 1.0	$ 4.0				
	1442b	11	Plant Treatment Processes	$ 17.0	$ 7.0	$ 5.0	$ 5.0			
	1442b	12	Sediment Assessment and Removal	$ 2.0	$ 2.0					
	1442b	13	Resilient Power Plan	$ 6.0	$ 3.0	$ 2.0	$ 1.0			
	1442b		EPA Administration	$ 4.5	$ 1.5	$ 1.5	$ 1.5			
	1442b		ITPM Professional Budget	$ 8.5	$ 0.9	$ 3.8	$ 3.8			
				$ 75.0						
	1442b	1	O&M Contract	$ 75.0	$ 25.0	$ 25.0	$ 25.0			
			TOTAL 1442b	**$ 150.0**						
	ARPA	8 & 9	OBC/JHF Chemical Feed Improvements and Chlorine System	$ 5.9	$ 5.9					
	ARPA	11.g	JHF Filters	$ 9.8		$ 4.0	$ 5.8			
	ARPA	11.a,g	OBC Filters/Conventional and Membrane	$ 9.6		$ 9.6				
	ARPA	11.i,j	JHF Pumps	$ 5.5		$ 5.5				
	ARPA	11.b.	OBC Raw Water Pumps	$ 3.3		$ 3.3				
Active	ARPA		48 Inch Transmission Line	$ 7.8	$ 7.8					
Active	ARPA	11.g	OBC Filter Mods	$ 5.0	$ 5.0					
	ARPA (Hinds Co)	5.a.v	Distribution System Optimization - South Jackson	$ 12.0	$ 3.0	$ 9.0				
			TOTAL ARPA	**$ 58.9**						
	BRIC		New Plant Feasiblity Study and Planning	$ 13.8		$ 4.0	$ 4.0	$ 4.0	$ 1.8	
	Comm Grant	4	Alternative Water Response Plan	$ 1.0	$ 1.0					
	Comm Grant	6	System Stabilization and Sustainablity Plan	$ 1.2	$ 1.2					
	Comm Grant		WSBA Facility Replacement	$ 1.8	$ 1.8					
			TOTAL COMMUNITY GRANT	**$ 4.0**						
	NEW SRF		*Implement BRIC Study Findings (New/Rehab)*	*$ 150.0*						
	Pay-Go		Distribution System Repairs	$ 65.0						
	Pay-Go		Plant Treatment Processes	$ 65.0						
	Pay-Go		Small Pipe Replacement	$ 65.0						
	Pay-Go		Sewer System Repairs	$ 178.0		$ 20.0	$ 25.0	$ 12.0	$ 16.0	$ 20.0
			TOTAL PAY-GO	**$ 373.0**						
Active	SRF Loan 3		Membrane Train	$ 0.3	$ 0.3					
Active	SRF Loan 3		Membrane Building	$ 1.5	$ 1.5					
Active	SRF Loan 3		OBC Winterization	$ 4.1	$ 4.1					
Active	SRF Loan 3		JHF Corrosion Control	$ 9.6	$ 5.0	$ 4.6				
Active	SRF Loan 3		JHF Filters 24/26	$ 1.8	$ 1.8					
			TOTAL ACTIVE SRF LOAN 3	**$ 17.3**						
	SRF Omni	5.a.v	Distribution System Optimization	$ 32.5	$ 4.5	$ 14.0	$ 10.0	$ 4.0		
	SRF Omni	5.a.i	Distribution System Assessment/Modeling	$ 6.0	$ 4.0	$ 2.0				
	SRF Omni	5.a.vii	Corrosion Control Renewal	$ 4.0		$ 4.0				
	SRF Omni	10	Intake Structure Repair	$ 5.0	$ 2.0	$ 3.0				
	SRF Omni		Implement BRIC Study Findings (New/Rehab)	$ 60.5					$ 0.5	$ 30.0
	SRF Omni		Small Pipe Replacement	$ 50.0	$ 10.0	$ 20.0	$ 20.0			
	SRF Omni		Retire Private Debt	$ 175.5	$ 175.5					
	SRF Omni		Retire SRF	$ 114.5	$ 114.5					
	SRF Omni		EPA Administration/Technical Assistance	$ 2.0	$ 1.2	$ 0.2	$ 0.2	$ 0.2	$ 0.1	$ 0.1
			TOTAL SRF OMNIBUS	**$ 450.0**						
	SRF Omni (CD)	11.g	General Filter Repairs at JHF	$ 2.8		$ 2.8				
	USCOE 219/CR		Small Pipe Replacement	$ 20.0	$ 20.0					
	USCOE 219/WRDA		Small Pipe Replacement	$ 30.0		$ 30.0				
	USCOE 219/WRDA		Sewer System Work	$ 70.0	$ 5.0	$ 20.0	$ 20.0	$ 20.0	$ 5.0	
			TOTAL CIP SPEND (All Sources) 2023-2042	**$ 942.0**	$ 113.9	$ 176.8	$ 95.8	$ 40.0	$ 23.3	$ 50.0
			TOTAL FEDERAL SPEND CIP*	$ 359.6						
			*Inculdes US Army Corps of Engineers Section 219 funding							
			TOTAL FEDERAL SPEND O&M	$ 75.0						
			TOTAL FEDERAL SPEND DEBT RETIREMENT	$ 290.0						
			TOTAL ARPA SPEND	$ 58.9						
			TOTAL JXN WATER PAY-GO	$ 373.0						
			TOTAL NEW SRF (2030-2035)	$ 150.0						
			GRAND TOTAL INVESTMENT 2023-2042	**$ 1,306.5**						

Each of the 13 Priority Projects included in the ISO have funding sources identified in the Spending Plan. The Spending Plan has these 13 projects accomplished by the end of 2025. While that is the plan, many of the priority projects are still at a conceptual level. Engineering has not been initiated that may increase estimates or identify long-lead time materials that could delay one or more of the Priority Projects. The quarterly reports will provide regular updates for each Priority Project.

The ISO also required an Implementation Schedule for the Priority Projects. Anticipated deviations from the dates in the Implementation Schedule will be noted in each update within the quarterly report.

PP 1 – O&M Contract – Phase 1 Jacobs under contract as of February 20, 2023. Responsible for both treatment plants, the wells, and the storage tanks.

Phase 2 completion date now October 31, 2023.

Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Continued hiring according to staffing plan: 42 Filled Positions of 66 Total Planned Positions. 21 positions filled converted City of Jackson employees. • Completed onboarding of former City of Jackson water employees to Jacobs. • Hired 9 additional operators. 3 of those hold A Water licenses. • Hired a Laboratory Supervisor, Maintenance Manager, Maintenance Supervisor for O.B. Curtis • Recovered approximately 12-13 MGD of capacity in the membrane treatment plant. Fixing down equipment, valves and minor changes to operational sequencing. Repaired leaks in the cassette connection points and repositioned dislodged cassettes. Implemented full membrane cleaning using sodium hypochlorite and citric acid. • Received approval for reclassification of O.B Curtis	• TV Road Well: Well in offline. Delay with electrical service repair due to supply chain issues with electrical panel supplier. Working with JXN Water to develop mitigation strategy for supply chain issue. • JH Fewell Raw Water Pumps at the intake are not accessible for repair due to hoist repair issue. A hoist is needed to pull pumps and requires a new wire rebuild. The wire rope has been sent to vendor inspection and repair and is due back mid-April. ***NOTE – The wire rope on the hoist was replaced and the hoist back in service in April. Although outside of the reporting period, the note is included to show continued pursuit of critical repairs.***	• Address Raw Water Pump efficiency/capacity at OB Curtis. • Address High Service Water Pump issues at OB Curtis. • Address Filter Control issues at OB Curtis. • Initiate repairs JH Fewell Raw Water Pumps at the Intake.

into bin 1 for cryptosporidium. Made appropriate changes to the LRV calculation of the membrane integrity tests to reflect the new bin classification. • Completed the installation of Combined Filter Effluent turbidity measurement, pulling the instrument data into the historian. • Flow paced the chlorine and ammonia feed systems for the conventional WTP. • Repaired Recovery Drain Pump #2 (offline for approximately 8 years) • Implemented Computerized Maintenance Management System (CMMS)(Maintenance Connection) • Installed repaired actuator on High Service Pump #1 at O.B. Curtis • Repaired and serviced membrane compressor system and O.B. Curtis. Re-established proper operating sequence.		
PP 2 – Winterization: Contractor (Hemphill) on site nearing completion of this project. Jacobs has assumed project management role for remaining construction. Estimated completion Q4 2023.		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Completion of Trench Drains to new CO2 Tank Pads • Removal and replacement of Soda Ash Day Tank • Piping Replacement at Traveling Screens and Raw Water Pumps	• Construction on OB Curtis Winterization Project has experienced delays from original contract dates due to equipment procurement delays.	• Installation of the proposed added Trench Drain
PP 3 – Corrosion Control: Contractor (Hemphill) on site at JHF and OBC. Estimated completion Q4 2023.		

Summary of Work Quarter Ending March 31, 2023	Summary of Delays Encountered	Projection of Work Ending Quarter Ending June 30, 2023
• Established a Construction Project Management System (Trimble ProjectSight) to be used on all JXN Water construction projects. Trained all project stakeholders on ProjectSight. • Gathered all available historical construction project documentation for review and uploaded to ProjectSight. • Established Construction Management Process Flows, reviewed with JXN Water, and conducted chartering meeting with JXN Water, Design Engineer, and Contractor to establish CM processes and communication protocols • Coordinated and met with MSDH SRF Coordinator, Harry Gong, to understand progress to date and processes required for the projects to comply with SRF in MS. • Plan-in hand reviews of construction sites and meetings with the Contractor and Design Engineer to get familiar with the project elements and status • Attended and then conducted monthly construction meetings for each project • Established weekly construction coordination meetings on site with Contractor and O&M Team	• Construction on the JH Fewell Corrosion Control and OB Curtis Winterization Projects have experienced delays from original contract dates due to equipment procurement delays.	• Modifications required to construction contracts to address findings from Corrosion Control and Winterization Design Reviews will be negotiated with the Contractor and executed as needed/directed by JXN Water. • Construction management services will be ongoing for the quarter. Substantial completion on Corrosion Control and OB Curtis Winterization projects are projected in Q4 based on current construction schedules.

and performed weekly site visits • Performed typical construction management services and coordination; supported JXN Water on other construction-related tasks for ongoing projects at Fewell and Curtis as needed. • Supported field engineering for troubleshooting construction issues and providing input to the Contractor and JXN Water; coordinated soda ash silo decisions with Corrosion Control Study recommendations.		
PP 4 – Alternative Water Source Plan		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Engaged two local bottling companies requesting proposals. • Evaluated proposal from one company, second could not meet requirements and withdrew. • Negotiations on-going	• None	• Negotiations complete with vendor and draft plan submitted to parties for review and comment.
PP 5 – Distribution System Study, Analysis, and Implementation – i. GIS based model		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Transmission main asset digitization complete. • 1,358 - Transmission only mains digitized, 182 – Distribution mains digitized. • Assets digitized: 111.8 miles Transmission Main, 684 system valves, 130 Air Release Valves, 576 Hydrants	• The InfoWater Pro (IWP) Model provided by Innovyze was hindered by a lack of available asset data and therefore not as advanced as assumed it would be during scope development. Modelers are working with the GIS team and JXN Water to	• Continue collecting data and documenting data received in the data gap analysis. The team will review and analyze data for hydraulic model development as it becomes available. • Install pressure monitoring equipment

• Data is updated constantly and is shared with the groups every two days. • Preliminary discussion with about future Asset Management needs and the development of an Asset Management 'Roadmap.'	obtain the required data for model development. The volume of sheets to digitize to complete the GIS map creates the model delay. • There are many differences in recently digitized pipe network and IWP Model which has required additional review. • Most system storage tanks have incorrect attributes which need to be cross referenced and checked.	throughout the surface water system. • Complete the Pressure Zone Delineation Mapping analysis and draft a memorandum. • Continue updating the model using information discovered. • Draft conceptual project alternatives for South Side. • Develop and enforce a standardized QA/QC process including automation where possible. • Continue digitization for water distribution assets in the GIS priority areas. • Document the requirements and workflows for Phase 2 CMMS Implementation. • Prepare roadmap for GIS enterprise implementation. • Prepare roadmap for Asset Management Implementation. • Document Data Flow between systems, both current and future state.
PP 5 – Distribution System Study, Analysis, and Implementation – ii. Valve and Hydrant Assessment		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Assessing valve condition in areas of concern • Collected over 2,000 GPS locations validating the mapping for Stantec to build GIS maps of the system.	None	• Continue on the transmission mains in the next quarter and also begin assessing the entire distribution system valves and hydrants and performing

• Initiated assessment of the transmission main valves and starting the flow testing of hydrants on these mains. • Valves Fully Exercised: 268 • Op-Nut Repairs: 3 • Uncovered Valves: 6 • Frozen Valves Repaired: 2 • Valve Position Changes: 41		the needed flow test for hydrants.
• Established GIS protocols for data sharing and addition of field data into GIS. • Consultant assumed the field services oversight from JXN Water. • Plans have been created and shared with Wachs Water for a near-term lookahead of priority areas • Added a new Construction Manager to consultant team based in Jackson to the team to lead this ongoing effort.	• Availability of quality maps for crews has slowed progress in the field as street walk assessments have been needed to confirm valve locations. • Additional time was needed to catalog the 10,000 available map sheets prior to digitization to produce a GIS map for crews.	• GIS maps for priority areas to be created prior to commencing field work. • A standardized process between Wachs Water and Stantec for field inspection activities and data exchange to be established. • An increase in the amount of collected field data to verify and/or populate GIS mapping. • Additional Wachs crews as more GIS maps become available.
PP 5 – Distribution System Study, Analysis, and Implementation – iii. Asset Management		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Planning started with model and GIS work.	• None	• Valves assessed will be first assets in system.
PP 5 – Distribution System Study, Analysis, and Implementation – iv. Water Loss Identification and Reduction		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Kicked off project with consultant • Evaluated backlog of known leaks (focus on pipe diameters <8”) • Initiated service line repairs (City-side)	None	• Continue to progress project and issue repair work orders

• Supplementing City of Jackson with equipment needs		
48" main break on former Colonial Country Club – 30% complete • Site reconnaissance and repair options identified. • Rangeline Pipeline Services sourced by Stantec to perform line stops and main repair. • Main was stopped on both sides of the break and bypassed on 3/28/2023. • Initial break location excavated, and break identified (30'+ deep) requiring additional equipment.	**48" main break on former Colonial Country Club** • Water hammer event during first line stop necessitating a third line stop. This has delayed the repair by two weeks. • Multiple rain events and depth of main break have delayed completion of the 48" break on old Colonial Country Club • Depth of break on above required additional equipment to be sourced and brought in	**48" main break on former Colonial Country Club** • Expect repair to be completed late April with site restoration following.
48" Air Release Valve (ARV) leak on E. Beasley Rd. – 100% complete • Site reconnaissance and repair options identified. • Rangeline Pipeline Services sourced by Stantec to perform line stop and repair the broken valve and ARV. • Stantec providing administrative and construction management services.	**48" Air Release Valve (ARV) leak on E. Beasley Rd. – 100% complete** • None	**48" Air Release Valve (ARV) leak on E. Beasley Rd. – 100% complete** • None
30" main break crossing Town Creek at Fortification St. & Prentiss St. – 5% complete • Site reconnaissance and repair options discussed. • Preliminary planning conducted identifying a parallel bore under the creek as the best repair option due to configuration of Town Creek (all concrete). • Rangeline Pipeline Services sourced by Stantec to perform main repair.	**30" main break crossing Town Creek at Fortification St. & Prentiss St. – 5% complete** • None	**30" main break crossing Town Creek at Fortification St. & Prentiss St. – 5% complete** • Anticipated to begin repair in May 2023.

• Stantec providing administrative and construction management services. • Additional information gathering and planning ongoing.		
20" break on railroad easement south of Fortification St. – 10% complete • Site reconnaissance and repair options to be identified once pipe is exposed. • Stantec subconsultant coordinating access and permits with railroad. • Local contractor identified to make repairs. • Stantec providing administrative and construction management services.	**20" break on railroad easement south of Fortification St. – 10% complete** • Obtaining railroad easement access permissions/permits.	**20" break on railroad easement south of Fortification St. – 10% complete** • Anticipated to begin repair in May 2023.
PP 5 – Distribution System Study, Analysis, and Implementation – v. System Optimization and Configuration Standards		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Not started. Work will be dependent on model and GIS completion	• None	• None.
PP 5 – Distribution System Study, Analysis, and Implementation – vi. Corrosion Control:		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Gathering of historical data and information • Review of multiple Corrosion Control Treatment studies and available documentation from regulatory actions for 2016 – 2022 • Coordination and assessment of the study review findings with information available from	• Gathering of historical information suitable to perform reviews and make recommendations as well as to document construction status to date has been slower than anticipated; 4-week delay from originally anticipated schedule.	• Corrosion Control and Winterization Design Reviews and preparation of technical memoranda will be completed

WTP water quality data and reviews performed by O&M operation • Review of construction drawings and available design-related documentation and preparation of comments; clarification discussions with Design Engineer • Plan-in-hand reviews of the OB Curtis and JH Fewell WTPs and coordination with O&M Condition Assessment review teams for Winterization status evaluation • Preparation of draft technical memoranda documenting the Corrosion Control and Winterization reviews		
PP 5 – Distribution System Study, Analysis, and Implementation – vii. Service Line Inventory and Replacement Planning:		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Entered contract with Blue Conduit to perform survey • GIS data and Assessor Data files provided	• None	• Survey with field verification will be 30% complete.
PP 6 – System Stabilization and Sustainability Plan		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Desktop analysis.	• Determined study will benefit from model work and full GIS. Delay start to Q4 2023.	• None. Plan deadline adjusted to December 31, 2023
PP 7 – SCADA System Improvements		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**

• JXN Water engaging in discussion with consultant to scope design of subject work.	None	• Contract with consultant for design of SCADA system improvements
PP 8 – Chemical Systems at Wells and Plants		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Completed initial scoping site visit and review of the Chemical Feed Building. Provided initial site visit notes. • Initiated project setup and held initial design team kickoff meeting. • Started reviewing record drawings. • Started developing a list of chemical processes to identify gaps and informational needs. • Started developing initial Building Information Modeling (BIM) and AutoCAD drawings. Work includes cover sheet, and process flow diagrams. • Reviewed existing corrosion control study and transmitted comments to Jacobs. Completed LiDAR scanning of the Chemical Feed Building and Raw Water Intake structure/building the week of March 27, 2023.	None	• Construct BIM 3D model of Chemical Feed Building. • Provide initial sizing calculations for the on-site sodium hypochlorite generation system to JXN Water and Jacobs. • Provide initial sizing calculations for the ammonia systems to JXN Water and Jacobs. • Submit TM No. 1 to JXN Water and Jacobs for review. • Continue progressing TM No. 2 and the BOD memorandum. • Begin developing detailed P&IDs. • Begin developing demolition drawings. • Prepare to host a workshop with JXN Water and Jacobs to discuss process design criteria for chemical feed systems. • Coordinate survey of the entire plant.
PP 9 – Chlorine System Improvements at OBC		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Attended an equipment/vendor meeting with JXN Water, Jacobs, and	None	• Initiate basis of design work for subject scope

USGI to better understand the USGI equipment offerings related to on-site sodium hypochlorite generation. • Started developing technical memo (TM) number 1 and began sizing and developing the basis of design for the sodium hypochlorite system. As part of the effort, a second manufacturer of the equipment, De Nora, was contacted. • Started developing TM No. 2 and began sizing and developing the basis of design for the two liquid ammonia systems.		
PP 10 – Intake Structure Repairs		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Evaluate JH Fewell Raw Water Pumps at the Intake for needed repairs. • Initiated pump hoist repairs required to remove pumps for repair	• JH Fewell Raw Water Pumps at the intake are not accessible for repair due to hoist repair issue. A hoist is needed to pull pumps and requires a new wire rebuild. The wire rope has been sent to vendor inspection and repair and is due back mid-April. ***NOTE – The wire rope on the hoist was replaced and the hoist back in service in April. Although outside of the reporting period, the note is included to show continued pursuit of critical repairs.***	• Initiate repairs JH Fewell Raw Water Pumps at the Intake.

PP 11 Treatment Facilities – Evaluate Performance and Restore Redundancy		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Visual assessment of major (parent) plant assets. No predictive testing was performed at the request of Operations because of upstream/downstream equipment unknowns and sensitivity to plant upsets.	None	• None. Phase1 Complete • Completed initial process review for both WTPs • Complete regulatory review technical memorandum • Completed dynamic simulation model for both WTP and begin to conduct analysis • Complete bench-scale pre-treatment treatability study at both WTPs • Begin developing project list based on results of investigation in addition to condition and operational assessments being performed under separate authorizations. •
Filter 5 – Filter Cell Rehabilitation • Review meeting with Contractor on scope of work to mobilize • Drafted Scope to include: o Remove and dispose of the existing filter media in Filter 5. Install new system o Filter 5 Influent Line Isolation and installation o Install new Instrumentation **Temporary Sludge Removal System Install**	None	**Filter 5 – Filter Cell Rehabilitation** • Filter rehab construction Phase 1 activities will mobilize in April. • Scope to include: o Remove and dispose of the existing filter media in Filter 5. Install new system o Filter 5 Influent Line Isolation and installation o Install new Instrumentation **Temporary Sludge Removal System Install**

• Review meeting with Contractor on scope of work to mobilize work
• Drafted Scope to include:
  ○ Provide and install temporary sludge removal system in Sedimentation Basins 1, 2, and 3 to replace the failed sludge removal system.
		• Scope to include:
		  ○ Provide and install temporary sludge removal system in Sedimentation Basins 1, 2, and 3 to replace the failed sludge removal system.
		•

• Completed initial scoping an exploration of Filter 24 and 26, observed leaking in both Filter 24 and 26. Reviewing structural improvement options and mobilizing construction.	None	• Decision on improvement options for Filter leaking, proceed with construction improvements
• Mobilized to Jackson, MS work site. • Developed initial work approach. • Developed and implemented initial operational framework for key decisions and changes.	None	• Continue development of management plans, including: Controls, Procurement, Performance Management, Communications, Engineering Management, Construction Management, Health and Safety, and Quality Assurance.
• Completed initial scoping an exploration of Filter 24 and 26, observed leaking in both Filter 24 and 26. Reviewing structural improvement options and mobilizing construction.	None	• Decision on improvement options for Filter leaking, proceed with construction improvements
• Mobilized to Jackson, MS work site.	None	• Continue development of management plans, including: Controls, Procurement,

• Developed initial work approach. • Developed and implemented initial operational framework for key decisions and changes.		Performance Management, Communications, Engineering Management, Construction Management, Health and Safety, and Quality Assurance.
PP 12 – Sludge Assessment in Storage Facilities		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Scheduled meeting with diving contractor that performed last inspections at OBC	• None.	• Contract with diving contractor in-place with schedule for inspections established.
PP 13 – Resilient Power Plan		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• None	• None	• None

I. OTHER PROJECT UPDATES

Work that is not included in Priority Project List		
Small Diameter Pipe Replacement – Funded with OMNIBUS SRF		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**
• Investigatory work has been ongoing to identify a suitable pilot area. This investigatory work included a survey of the existing water and sewer lines. • Some general specifications and standard details were developed for the initially selected area and will carry over to the new pilot site	• On 03/30/23 it was discovered and verified that the initially identified pilot project site had previously been replaced by the City and records had not been updated. A new site is being selected.	• Confirm a new pilot project site. • Field investigations completed (pothole and utility locates, survey, sewer inspection as required). • Plans and specifications to be completed. • Advertising and bidding process. • Contractor quotes received, reviewed and recommendation of award.
WSBA Building Replacement – Funded with Community Grant		
Summary of Work Quarter Ending March 31, 2023	**Summary of Delays Encountered**	**Projection of Work Ending Quarter Ending June 30, 2023**

• Entered into Purchase and Sale Agreement for property at 1054 Greymont Ave
• Performed due diligence activities
  ○ Survey
  ○ Title
  ○ Phase I Environmental
  ○ Building Inspection
	• None	• Sale completed
		• Build out design completed