



Press Release

FOR IMMEDIATE RELEASE

**Reply to the February 10, 2009, Report of the Special Master**

**Birmingham, Alabama, February 12, 2009** – The Report of the Special Master, John S. Young, Jr., P.E., dated January 20, 2009, greatly disappoints me.

The Special Master endorses deplorable recommendations that place the financial burden on the true innocent parties in the debt crisis: Jefferson County taxpayers. The report includes a 25% rate increase (with rate increases up to 100% deemed by Mr. Young as the outer limits of reasonableness), a user fee of \$20 per month (\$240 per year) on all homeowners not served by sewer and not able to connect to a sewer, and a user fee of \$30 per month (\$360 per year) on all homeowners not served by sewer but to whom a sewer connection is available.

The most appropriate response to the Report is for the County to file for bankruptcy which forecloses the possible appointment of a Receiver.

The Special Master fails to support the Report's recommendations by adequate economic, legal or public policy analysis, and the recommendations conflict with the conclusions of other respected experts. The implementation of these recommendations would be disastrous to low income sewer users in particular and the economy of Jefferson County in general. Furthermore, the implementation of the recommendations is not feasible absent the most intrusive intervention of the courts.

The Report is not a legal document, nor is it fundamentally an engineering or financial document because it cites no authority and engages in scant reasoning to support its most important conclusions. Instead this report is a political document intended to scare the people and the legislature into imposing fees and diverting taxes to support sewer debt service. The good offices of the Court are being used, not to decide a case or controversy, but to participate in a political process.

The following are reasons why I believe that the Report is not credible.

(1) Mr. Young is not an independent or unbiased expert because his company, the American Water Works Company, seeks to purchase or manage the County's sewer system. Last summer the chief executive officer of this company sought a meeting with me, met instead with representatives of the County when I could not attend,

and inquired whether a purchase or management agreement regarding the system was possible. He was told that consideration of such an agreement was not appropriate at the time. I have received information subsequent to the appointment of Mr. Young as Special Master that the American Water Works Company remains interested in purchasing or managing the system. A standard marketing technique in such circumstances is accentuating existing problems for the purpose of stimulating a sale of an asset or an agreement for its management. For this reason, agents of the American Water Works Company are hopelessly conflicted from providing objective expert advice.

(2) When a consultant prepares a professional report, sound practice usually includes providing the subject of the report with a draft copy for comment prior to its release. In this case, I only obtained a copy of the Report from a website once alerted by NBC13. While the County's Environmental Services Department has cooperated fully with the Special Masters, my contact with them has been limited to no more than 25 minutes despite the fact that I am the County official with responsibility for managing the Department. Certainly, I never had the opportunity to review the Report or challenge any of its facts or logic.

(3) The selection and performance of the Special Masters has occurred behind closed doors, just as has been alleged in the case of some committee meetings of the Jefferson County Commission. They held no court hearings to which the public or the press have had access, filed few if any briefs or affidavits, and been subjected to no examination by parties representing the Commission (or the public, as discussed below).

(4) I am told that the Special Masters were selected by agreement of the parties. I did not participate in any such agreement. Any such agreement must have been by counsel for the County. I know of no approval by the Commission of the strategy followed by legal counsel. In my opinion, non-elected legal counsel have assumed the power and responsibility of the duly elected representatives of the people and have contrived to produce a public relations document intended, not to resolve a question of law or fact, but to achieve a political result.

(5) I do not think the people of Jefferson County are adequately represented in the Federal District Court proceeding. I believe that sewer rate payers are necessary parties to any litigation involving sewer rates. A number of important financial institutions with large responsibility for the fiasco now engulfing us (and who no doubt will seek to be relieved of liability for their roles), including J. P Morgan, are not parties to the litigation and should be.

I am committed to a resolution of the Jefferson County sewer problem in accordance with the best interests of the citizens of Jefferson County and the County's obligations under the law.

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If you would like more information please contact the Office of Commissioner Jim Carns at 205.325.5503.