

## DWSD Blog Series #4 - The Pressures of Competing Priorities: 50 Year Old Infrastructure Rehabilitation vs. Rising Demands of Hyper Growth

Building on what we hope is a far better understanding and appreciation for the scale and scope of the challenges the District faces managing the water and sewer service we all rely upon, we can now begin to cast light on the likely underlying motives behind the June 8<sup>th</sup> Consolidation Referendum. We are confident that the increasing pressures the City is feeling from the stresses of accelerated growth is one of the key drivers. The City is a buzz from external developers, both residential and commercial, coupled with the wide-spread conversion of dormant lots to new residences by existing landowners. The chart below shows how many new service connections have been added over the past 5 years and how many more are projected through the next 2 years.



### New Service Connections

2016	2017	2018	2019	2020	2021	2022	Total:
41	35	42	78	84	125 (est.)	175 (est.)	580

Unfortunately, this almost wholesale expansion of more densely structured subdivisions, and new commercial development expansion often comes at the price of making promises you cannot always easily keep. Some of those promises to developers span critical services, like water and sewer. The rub comes in when we, the Water and Sewer District, are sometimes the last to come to know of these rapidly emerging developments, and yet the first to be expected to work infrastructure service miracles when they materialize.



The truly amazing fact is that we actually accomplish these miracle maneuvers in virtually every case. Imagine for just a moment the challenge required to meet these accelerating growth needs, in the face of the fact that our existing 50 year old water and sewer infrastructure is breaking down with increasing frequency under current residents use demands.

Is there tension at times between the City's no holds barred growth strategy and our project-by-project approval analysis of the capacity limits this old infrastructure will handle before collapsing? You bet there is, because we have, and will always place our existing customers well-being and services sustainability above any new development ventures. Simply stated, you were the original underwriters of the service District through the economic ups and downs of these past 32 years. Consequently, you are, and will remain our #1 focus because we believe you deserve nothing less.

The time has arrived to cut to the chase and start highlighting what is actually driving this errant attempt at Consolidation. The City is simply cash strapped in contrast to its needs and, consequently, seeking control of the financial capital and services leverage they perceive would come with consolidating the Water and Sewer and Fire Districts. To make the point, the City currently has full management control of roads and stormwater drainage, and both are in serious disrepair throughout the City. This is not hyperbole, just take the time to study the consulting reports that were posted in the past few months on both of these topics by the City in their published monthly meeting packets. What you will clearly see is that these reports illuminate widescale infrastructure decay that span close to a decade, the underlying engineering failures, and the critical need for aggressive remedies with supporting cost estimates. The City's response to those reports is that the fixes cost too much to approach aggressively and, instead, have chosen to crawl forward on these critical projects until they hopefully find someone else to pay for it with future grants, or possibly consolidation of other capital and fee services (e.g., Water and Sewer and Fire).

Given the City's stature as the 2<sup>nd</sup> most affluent incorporated community in the State of Mississippi, we subsequently sit next to last on the feeding line of State and Federal grant opportunities to have someone else help underwrite the repairs of our self-induced problems. Consequently, as the Water and Sewer District has had to do from day one, the City must actually figure out how to begin to pay for critical infrastructure itself. Avoiding the obvious fact that the lifeblood of any municipality is its tax base, and the only viable path to addressing critical roads and drainage, instead proudly lowered millage 4.5 points. This indefensible political stunt all but **assures** further delays in addressing critical roads and stormwater infrastructure improvement. We hope our customers appreciate that your Water and Sewer District could never game and take that risky stance with your services.

Before we leave the subject of taxes and who levies them, we would be remiss in not taking a moment to correct a truly egregious misrepresentation of basic civics in the April 6, 2021:

### **“STATEMENT FROM THE MAYOR AND CITY COUNCIL ABOUT CONSOLIDATION OF PUBLIC SERVICES”**

published on the City's public website. By all accounts through this published Statement, the City's political leaders are attempting to misinform you that the Water and Sewer and Fire Districts, and POA are individual taxing authorities. Furthermore, that we all three currently tax you and will likely increase that tax burden in the future unless pulled into their control in Consolidation. For specific reference, these two separate statements below are taken directly from the Mayor and Council's Statement:

- *“Currently, our community has **four “taxing” authorities** with 26 board members governing about 9,000 residents.”*

Referring to: (1) City  
(2) Water & Sewer District  
(3) Fire District  
(4) POA

- *“This is troubling since the taxpayers will pay for this with **potential increased taxes and fees.**”*

Referring to: Individual financing actions underway in both the Water and Sewer and Fire Districts (i.e., Water & Sewer District Infrastructure Repairs Bond, and a Firetruck Upgrade (Fire District)

It clearly seems the City has either purposely attempted to mislead you on or, possibly worse yet, is completely confused by Mississippi Tax Code. You see, in the State of Mississippi only the State, and each County and the incorporated Cities within that county have “taxing authority.” It has always been that way, and it will likely always be that way. Rest assured however that City taxes will inevitably increase soon after the election, but it will not stem from your Water and Sewer and Fire Districts operations. Instead, it is most likely to occur as a consequence of: (1) having no choice but to begin to finally own and make critical road and drainage repairs much sooner; and (2) having to reverse the revenue loss impact of the election year drop in operating millage.

To summarize this Information Blog Series, we want all of our customers to know that Diamondhead’s Water and Sewer and Fire Districts are well positioned in our current structure to responsibly and very effectively meet the demands that accompany the growth our community is witnessing without sacrificing services to our base customers. We have evolved to this critical capacity through decades of hard work and highly responsible and effective technical and financial management. Our success is in no small way attributable to having operated all of these years with an arm’s length relationship to the steadily evolving political structure of the City we both serve.

Let’s be clear that neither the Water and Sewer or Fire Districts is in anyway a cog in the wheel of the hyper growth plans and ambitions of the City. To the contrary, we are two of the City’s greatest assets as partners, but not employees. Critical service operations and politics simply do not coexist well as one entity for innumerable reasons, many of which we will discuss in Blog Series #7 – Consolidation Pros and Cons.

Thank you once again for being our valued customers and supporters. We will continue to advocate, with supporting evidence, just how important it is that we sustain our independence for the overall well-being of all of our customers. Please continue to follow the remaining 4 posts as we wrap this series up over the next month in preparation for the Referendum vote on June 8th.

The Diamondhead Water and Sewer Board