



## Water Finance Exchange Case Study Hazlehurst, Mississippi

Hazlehurst, Mississippi, like many cities across the U.S., faces chronic challenges with deteriorating water and wastewater systems. The city’s drinking water and wastewater systems are both noncompliant with federal and state law and under enforcement orders by the State of Mississippi. The deficient infrastructure poses a serious challenge to protecting public health and the environment in Hazlehurst and is a threat to the local businesses heavily reliant on the infrastructure. Additionally, decades of deferred investments have made it impossible to add new connections, limiting economic development and the community’s ability to grow and meet the needs of future residents.

Hazlehurst’s new Mayor, Kenneth Ramsey, has made the water system a priority, working to address existing violations and implement sustainable infrastructure. Mayor Ramsey recognizes the value of water to a healthy and prospering community. However, the city faces tremendous financial obstacles as the estimated cost to fix the water and wastewater systems is approximately \$12 million, most of which is needed to address current violations.

Water Finance Exchange (WFX) assisted Hazlehurst to access \$6.5 million of state funding for water infrastructure, all of which has been awarded as forgivable loans. WFX began working with Hazlehurst in 2021 and over the last year has focused its efforts on regulatory support, financial assessment, and rates analysis.

The City’s water and wastewater rates are difficult to pay for many residents due to Hazlehurst’s high levels of poverty and low household incomes. Rate affordability is a growing challenge for low-income communities, as rate increases are needed to finance infrastructure improvements and address public health violations, but residents may be struggling to afford current water rates. WFX has worked with the City to minimize rate increases.

Hazlehurst is working with additional partners to provide legal counsel, technical support, and engineering design and implementation schedules to ensure all activities are sequenced appropriately and finished on time. WFX was engaged by the City in collaboration with Inframark, a water and wastewater contract operator, Communities Unlimited, a nonprofit technical assistance provider, and WGK Engineers, a Mississippi-based engineering firm.



*Hazlehurst is the county seat of Copiah County and is located 30 miles south of Jackson. Hazlehurst is a small agricultural city and representative of many small, rural, and disadvantaged communities across the country. Hazlehurst has approximately 4,000 residents, over 75% of whom are African American, and the median household income is \$22,437, with 38% of the population living in poverty.*

*“Water Finance Exchange has been instrumental in helping the City break logjams to securing critical funding and develop a sustainable financial path forward to meet the City’s water infrastructure needs”*

**-Kenneth Ramsey, Hazlehurst Mayor**

## Regulatory Support

The State of Mississippi issued enforcement orders mandating the repair of the water and sewer systems in Hazlehurst. To finance these repairs, the City has blended various funding sources, including Community Development Block Grants, Drinking Water and Clean Water State Revolving Fund funds, and American Rescue Plan Act funds. Under state policy, communities with less than 4,000 people were eligible for partial loan forgiveness. However, the City was initially denied this loan forgiveness due to discrepancies in population estimates in recent census data. WFX, with the support of its partners at the Southwest Environmental Finance Center, appealed the decision to the State's leadership and successfully resolved the issue resulting in \$2 million of additional grant funding.

## Financial Assessment and Rates Analysis

WFX has been working with Hazlehurst to create a holistic financial assessment, taking a critical look at the community's financial needs, the revenue needed to meet infrastructure goals, and how infrastructure investments would impact rates in the community.

In Mississippi, two different departments are responsible for water and wastewater – the Department of Health provides oversight for public water systems, while the Mississippi Department of Environmental Quality provides oversight for wastewater and stormwater. This split of authorities can obscure a community's total financial need and complicate the process for pursuing funding. WFX's financial assessment looks at these needs together and provided the City's leaders and staff with a more accurate picture as Hazlehurst seeks further funding from state and federal sources.



*WFX team with Mayor Ramsey and representatives of WGK Engineers and Communities Unlimited.*

WFX's financial assessment highlighted the need to increase rates fund infrastructure improvements. WFX presented this information to the City's elected officials, who have agreed to pass local resolutions to implement a gradually increasing water rate to ensure the sustainability of Hazlehurst's water and wastewater system.

Increasing water rates is challenging for any community, but the nationwide underinvestment in water and wastewater infrastructure requires gradual rate increases in most communities around the country. Mayor Ramsey's commitment to fixing a long-standing problem has brought the residents and businesses together to address challenges that have been facing Hazlehurst for decades, giving the community a new opportunity to grow and build sustainable infrastructure.

## Lessons Learned and Next Steps

The successes in Hazlehurst have affirmed the importance of local champions and leaders, partnerships and collaboration, and opportunities to build and implement comprehensive infrastructure solutions. The needs and challenges facing Hazlehurst will continue, but the \$6.5 million forgivable loans provided by the state will help meet current public health needs, while the City's commitment to building a financially resilient and sustainable infrastructure system will support Hazlehurst as it continues to become a healthy and prosperous community.

## About WFX

WFX, a 501(c)(3), works closely with federal and state stakeholders, communities, philanthropy, and the financial sector to address the water infrastructure funding shortage facing thousands of communities across the U.S. WFX's mission is to help communities access funding, financing, and expertise to implement resilient, sustainable, and equitable water infrastructure solutions.

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