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Jefferson County Divided over Bankruptcy Proposal

Jefferson County's financial problems stem mainly from a botched financing of a \$3.1 billion sewer system project with bonds that collapsed more than three years ago. Now County Commissioners are confronted with the prospect of filing for what would be the nation's biggest municipal bankruptcy or continue negotiations with creditors that include JPMorgan Chase & Co. One of the alternatives to bankruptcy would be to restructure the debt and impose a series of 8% increases in sewerage rates.

Some county folks feel Jefferson County should not file for bankruptcy while some others feel they should. Generally, the opinions depend on which end of the economic spectrum the county residents fall into. The more wealthy ones do not support bankruptcy while the less wealthy ones are not prepared to pay higher sewerage fees and therefore want the County to file for bankruptcy so the burden is borne by everyone not just them. Low-income residents make up the biggest portion of sewer-system customers.

Jefferson County's sewer system is used by about 150,000 residents, including 10,000 from Mountain Brook, the County's wealthiest city. According to the US Census Bureau, the average household income for Mountain Brook residents in 2009 was \$129,034, more than twice the \$50,173 median in New York. But merely filing for Chapter 9 bankruptcy might not preclude raising sewer rates, it may just postpone it.

The county's financial debt that includes a \$40 million general-fund gap is falling on the poor in ways other than sewer rates. The sheriff department has had its budget cut such that it no longer can provide toilet paper, linens and clothes in jail houses. One inmate, Takita Watson said, "You have to dry off with your uniform," as the jail no longer provides towels. Likewise, the facilities at Cooper Green Mercy hospital have also been affected.

Jefferson County's Republican state lawmakers want to end an Alabama requirement that a half-percent of county sales taxes goes to Cooper Green. They want part of the money redirected to the county's general fund. But the taxes collected go to finance more than \$40 million of the hospital's needs and provide for the uninsured and the under-insured. Redirecting the money would cut care to the 100,000 outpatient and 35,000 emergency room patients the hospital served in the last year, many referred from other hospitals because of finances.