

**MINUTES OF THE FINANCE COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
Tuesday, June 2, 2020
11:30 a.m. (Electronically [via teleconference and telephone])**

A Finance Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Tuesday, June 2, 2020 at 11:30 a.m., via electronically [via teleconference and telephone].

The following Committee members were present via a roll call: Committee Chairman William “Butch” Burbage, Jr., Ronald A. Mims, and William R. Muhammad. Other directors present were Tommy J. Alexander, Lucien Blankenship, Deborah Clark, Brenda J. Dickerson, and George Munchus.

Others were present via telephone: Michael Johnson, General Manager; Derrick Murphy, Jeffrey Thompson and Iris Fisher, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Vanessa Washington, Executive Assistant; Marsha Hammonds, Information Technology Systems Support Supervisor; Rick Jackson, Public Relations Manager & Spokesperson; Kelvin Howard, KWH, LLC; Emory Anthony, Esq.; Peiffer Brandt, Raftelis.

Inasmuch as all of the Committee members were present, a quorum was in attendance.

Committee Chairman Burbage Jr. called the meeting to order at 11:31 a.m. General Manager Michael Johnson opened the meeting with prayer.

Next, agenda item one requested the Committee to approve the minutes of September 18, 2019; Oct 4, 2019; October 16, 2019; and November 5, 2019; necessary to perform essential minimum functions of the governmental body, as set forth in agenda items 1.1 through 1.4, respectively. Director Mims made a motion to approve. Committee Chair Burbage seconded. A roll call vote was taken, and the agenda items were approved unanimously.

Following, agenda item two requested the Committee to hear a report, to discuss and to recommend to the Board a revision to the current rate structure to increase the period to phase in fire hydrant fees and agenda item three requested the Committee to hear a report, to discuss and to recommend to the Board a revision to the current rate structure to increase the period to phase in raw water rates; necessary to perform essential minimum functions of the governmental body; respectively. GM Johnson explained that previously there had been concerns from municipalities and fire districts about the increases. However, the increases were necessary because the complete cost of service had not been captured under the current rates. Director Muhammad made a motion to suspend rate increases on the cities and raw water customers due to COVID-19 until 2021. Director Mims seconded. Committee Chair Burbage suggested waiting until hearing the presentation to determine if said motion is necessary before voting. Director Muhammad agreed. Peiffer Brandt, Raftelis, began his presentation on said agenda items. He gave an overview of the current plan for fire hydrant fees and raw water rates. In addition, Mr. Brandt discussed three

options for the fire hydrant fees and the impact of each option. He discussed the same for raw water rates. Director Muhammad stated that after seeing the actual figures and realizing the minimum amount of the increases, he was in favor of withdrawing his motion. Mr. Brandt was asked and answered several questions by the board. Following, Director Muhammad made a motion to move agenda item two and agenda item three to the full board for consideration. Director Mims seconded. The agenda items were moved with a recommendation from the Finance Committee as selecting option 1 for fire hydrants fees and the baseline option for raw water rates. The Committee voted on agenda items two and three together, which were unanimously approved by a roll call vote.

Following, agenda item four requested the Committee to discuss and to recommend to the Board a Customer Service Assistance Program with an initial allocation of \$1.2 Million appropriated from the Economic Development Fund Reserves, effective immediately. GM Johnson explained that the amount was initially \$1.25 million; however, Dr. Munchus suggested \$1.2 million. Although in favor of \$1.25 million, Director Muhammad expressed concerns of the funds being appropriated from the Economic Development Fund and absorbing \$1.7 million for uncollected sewer fees. There was much discussion on where the funds should be appropriated, the best impact for helping the customers/communities, and program implementation. Also, the board discussed additional assistance from the H2O Program and renegotiating the Sewer Collection Agreement with Jefferson County. Dr. Munchus indicated BWWB needed to take on a leadership role in this process. Director Muhammad recommended said item to the full board for consideration with no recommendation from the Finance Committee. Director Mims seconded. The Committee unanimously approved agenda item four by a roll call vote. Afterwards, Dr. Munchus asked about the impact on franchise agreement with the cities. GM Johnson stated franchise fees are based on revenue generated in each district within BWWB area of operations. Director Muhammad asked GM Johnson to provide information on the amount of franchise fees paid and the payees.

Next, agenda item five requested the Committee to hear the April 2020 PowerPoint Presentation AGM-Finance and Administration (*includes HUB and Overtime Presentations*). AGM Fisher began her presentation on said agenda item. She gave an overview of various topics, some of which included: *Active Customers, Operating Net Revenue and Debt Service, Jefferson County Fees/Collections, Budget Variances, Reserves, PayGo, HUB Participation, Employee Information, and Homeserve Monthly Statistics*. Dr. Dickerson inquired whether the cost of chemicals had been underestimated, which AGM Fisher answered yes. A discussion ensued on chemicals being over budget. Following, AGM Fisher discussed overtime labor. She identified the Distribution Department (crew shortage), Customer Support Department (meter reader vacancies), and COVID-19 as the areas that account for the highest overtime. Next, Dr. Munchus inquired whether chemical manufacturers were under a one-year or a three-year contract with BWWB. He also asked if any of the expenses are reimbursable under COVID-19. GM Johnson answered. Director Muhammad asked staff to provide a 10-year report on chemicals. AGM Jeffrey Thompson was asked several questions about the increase in the cost of chemicals and the chemical budget. Afterwards, Director Muhammad asked staff to provide the board with a report on HUB participation percentage over the last five years. Following, AGM Fisher, discussed Homeserve. She talked about the Commission, products for customers, and fees. Rick Jackson, Public Communications Spokesperson also gave input on the topic. Director Muhammad asked staff to

pursue a bundle with Homeserve, as BWWB would be willing to negotiate. Dr. Dickerson asked a question regarding employees' overtime and premium pay. AGM Fisher asked for final questions on said agenda item, then she concluded her presentation as no one had additional questions.

As there was no further business before the Committee, Director Muhammad made a motion to adjourn the meeting. Director Mims seconded the motion. The motion was approved unanimously by a roll vote. Committee Chair Burbage, Jr. adjourned the meeting at 1:16 p.m.

_____/s/_____
William "Butch" Burbage Jr., CPA
Assistant Secretary/Treasurer

_____/s/_____
Ronald A. Mims
Chairman/President

_____/s/_____
William R. Muhammad
Secretary/Treasurer

_____/s/_____
Michael Johnson, MBA, CPA
General Manager