

**MINUTES OF THE FINANCE COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
Tuesday, September 29, 2020
11:30 a.m.**

A Finance Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Tuesday, September 29, 2020 at 11:30 a.m., via electronically [via teleconference/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 Brenda J. Dickerson, Deborah Clark, Tommy J. Alexander, Lucien Blankenship, and George Munchus.

Others were present via teleconference/telephone: Michael Johnson, General Manager; Derrick Murphy, Jeffrey Thompson and Iris Fisher, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Cynthia Williams, Board Administrator; Vanessa Washington, Executive Assistant; Colandus Mason, Rosalind Jones, Shelia Patterson, Joyce Komo, Rick Jackson and Valencia Dulaney, BWWB Employees; 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 11:33 a.m. Assistant General Manager Iris Fisher opened the meeting with prayer.

Next, Committee Chairman Burbage Jr., made a motion to accept the Agenda as printed. Director Mims seconded. GM Johnson requested that agenda item 2.1, FY2021 Capital Budget be presented before agenda item 2.2, FY2021 Operations & Maintenance (O&M) Budget. The change to the agenda was accepted and approved by a unanimous roll call vote.

Following, agenda item one requested the Committee to approve minutes of the June 2, 2020 Finance Committee Meeting; necessary to perform essential minimum functions of the governmental body. Director Mims made a motion to approve the agenda item. Director Muhammad seconded. Agenda item one was approved by a unanimous roll call vote.

Next, agenda item two requested the Committee to receive the Preliminary FY2021 Capital and Operations & Maintenance (O&M) Budgets; necessary to perform essential minimum functions of the governmental body. AGM Murphy presented the Capital Budget to the Board, which consisted of the (1) Current System Assets (2) Capital Planning Strategy Review and (3) FY 2021 Proposed Capital Budget. He indicated that the Proposed FY2021 Capital Budget amount requested did not increase from last year’s budget amount, because the pipeline program is performing well and the same for the remaining capital such as the pumps, vertical infrastructure, etc. AGM Murphy informed the board that they would receive 39 projects for their review and approval, which would allow staff to take bids and assist in planning for next year. Also, he discussed the new Envirolab Building Project and asked the board to approve said project this year. A discussion ensued regarding the building being antiquated and the potential location for a newly constructed and updated Envirolab. After answering various questions from the Board, AGM Murphy discussed the remaining capital budget items and then concluded his presentation.

Following, AGM Fisher presented the FY2021 O&M Budget. She gave an overview on rate setting, the RSE Process and the RSE Model. In addition, AGM Fisher discussed the Budget Process & Highlights. Director Alexander inquired about the impact of COVID-19 on the budget. AGM Fisher stated the O&M budget was overbudget by \$500,000.00; however, paving and health insurance, which were underbudget, helped things a lot. In addition, AGM Fisher discussed reducing the budget and the process as it relates to COVID-19. Afterwards, there was much discussion on management's recommendation for no rate increase and no merit for consideration in the budget to control cost. AGM Fisher explained to the board that 4.55% of the increase in the proposed FY2021 budget related bad debt. Per Director Muhammad, it needs to be 2%. Also, the Board indicated concerns regarding the chemicals and their cost. Director Muhammad inquired about the \$2,000,000.00 increase. AGM Jeffrey Thompson indicated that in 2019, some chemicals were purchased and stockpiled, thus, the company purchased fewer chemicals in the beginning of this year. Also, there has been an increase in the volume of water being produced and treated with a great amount contributed to non-revenue water. He indicated that there is approximately a 50% rate of unaccounted non-revenue treated water. Staff was asked to investigate possibilities of reducing the loss. It was suggested staff may want to look at replacing more old pipes, old water meters, theft, etc. Peiffer Brandt presented demand information, 5-year trend in consumption, and various projections for 2021. Afterwards, AGM Fisher, concluded the presentation with debt service coverage and highlights in the budget book.

Subsequently, agenda item three addressed new business. A motion was made by Director Muhammad to change the next two Finance Committee Meetings to Executive Committee Meetings, to allow everyone a vote on the budgets with Chairman Burbage Jr., serving as chair of the Committee. Director Mims seconded, and the motion was approved by a unanimous roll call vote. GM Johnson proposed November 5, 2020 for the public hearing.

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 voice vote. Committee Chair Burbage adjourned the meeting at 2:26 p.m.

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

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

William R. Muhammad
Secretary/Treasurer

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