

**MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
July 17, 2018**

A Human Resources Committee Meeting of The Water Works Board of the City of Birmingham was held on Tuesday, July 17, 2018, at 11:30 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following HR Committee Members were present: Directors George Munchus, Ronald A. Mims, and Brenda J. Dickerson. The following Non-Committee Members were also in attendance: Directors Deborah Clark, Tommy J. Alexander, Sherry Lewis, William “Butch” Burbage, and William R. Muhammad.

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

The meeting was also attended by: Mac Underwood, General Manager; Michael Johnson, Darryl Jones, and T.M. “Sonny” Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Vanessa Washington, Executive Assistant to Michael Johnson; Paul Lloyd, Cherita King, Rick Jackson, George Anderson, Joyce Dupree, Michael Griffin, and BWWB Security, Board Employees; Jesse Lewis and Tommy Palladino, Agency 54; Mary Thompson, Parnell Thompson, LLC; and Charles Wilkinson, Human Resource Management, Inc.

Dr. Munchus called the meeting to order at 11:30 a.m. He indicated that there was new business that the lawyers wanted to discuss in Executive Session involving litigation. Attorney Mary Thompson certified the Executive Session to discuss pending litigation. Attorney Thompson stated she does not anticipate any action taken after said session and anticipates Executive Session to last no longer than 20 minutes. Dr. George Munchus made a motion to enter Executive Session at 11:32 a.m. and Dr. Brenda J. Dickerson seconded the motion and at 11:45 a.m. they made a motion and seconded, respectively to end Executive Session and to reopen the meeting.

Next, GM Underwood proceeded with the agenda and requested the Committee to approve the HR Committee Meeting minutes of November 7, 2017 and December 12, 2017, as set forth in agenda item one. Management recommended approval of the minutes. Subsequently, a motion was made by Dr. George Munchus and seconded by Mr. Ronald A. Mims to approve said item.

Next, GM Underwood requested the Committee to hear a presentation on the status of the Compensation Services Project, as set forth in agenda item two. HR Manager Paul Lloyd gave a brief introduction on the item. Then, Mr. Lloyd turned the presentation over to Charles Wilkinson and Suzanne Higgins, Human Resources Management (HRM). Director Clark left the meeting at 11:50 a.m. Director Lewis, stated the *BWWB 2018 Custom Survey Invitation List* of Regional/Water only peer groups consist of the same peer groups from previous years which will produce the same results as previous. Per Mr. Wilkinson, other information is also being reviewed such as the number of miles of pipe, size of the population, and number of employees, etc. Then, regarding the peer group list, Dr. Munchus inquired about the governance structure of Montgomery which Mr. Wilkinson stated some information is unknown. Per Director Lewis, the expectation was to receive additional information from water systems comparable to BWWB water system. from an independent company. However, that does not seem to be the case which concerns her.

Dr. Dickerson expressed her concerns also and inquired as to what HRM is doing different with same peer group list as previous. Per Mr. Wilkinson, review market data periodically to see the market changes and deliberately change the benchmark. Afterwards, Director Lewis requested Mr. Wilkinson to add Bessemer and other utilities in cities/states not on the list such as Georgia, Orlando, Charlotte, South Carolina, Greenville, etc. and to show the Board what those water systems are like even if they're not used in the benchmark. Mr. Wilkinson thanked the Board for the feedback. Director Clark re-entered the meeting at 12:00 p.m. Following, Mr. Wilkinson discussed the *Job Titles for the Peer Group and the Peer Group Wage Survey* and explained that the low and high outliers will be evaluated. Then, Mr. Wilkinson concluded his Compensation Services Project presentation.

Following, GM Underwood requested the Committee to review a copy of the Progressive Discipline Policy from the Employee Handbook and HR Management Guide, as set forth in agenda item three. Next, Paul Lloyd, HR Manager gave an overview on the Employee Handbook. He pointed out the following key points in the policy for corrective action and progressive discipline: Coaching, Counseling, Corrective Action, Employee Signature, Employee Representation, and the Appeals Process. Dr. Dickerson inquired whether an employee had an opportunity to respond in writing to being disciplined which Mr. Lloyd answered yes. Per Dr. Dickerson, item four (Employee Signature) in policy for corrective action should state the employee can respond in writing. Dr. Munchus indicated the policy should state the employee may also bring their lawyer. However, Mr. Lloyd expressed concerns with including that statement into the policy, because it causes the situation to be more complex than necessary. After much discussion among the group, Dr. Munchus agreed it best to leave the lawyers out of the policy for now. Next, Paul Lloyd discussed performance evaluations. Director Lewis asked if management was looking into updating the performance evaluation process. Mr. Lloyd stated the goal is to update the process. He indicated that some progress has been made, but it's an ongoing process. Director Clark asked for a definite time for updating the performance evaluation process. Mr. Lloyd asked for time to review the current goals and strategies. Per Director Clark, thirty days minimum should allow Mr. Lloyd enough time to determine when the performance review process will be updated and effective. GM Underwood stated that a Salary Administration Plan is in the process of being updated which could impact the performance review update. Finally, after much discussion among the Board regarding merit raises and employees' performance the discussion was concluded.

Next, GM Underwood requested the Committee to hear a report on overtime for the 1st and 2nd Quarter of FY2018, as set forth in agenda item four. AGM Michael Johnson distributed handouts entitled *The Birmingham Water Works Board 2018 Overtime Analysis as of June 30, 2018* and *The Birmingham Water Works Board 2018 Overtime Analysis as of March 31, 2018* (copies of which are on file in the Committee meeting book). Then, AGM Johnson presented information on overtime. He stated that overtime is budgeted monthly; however, it is not used consistently throughout the year as such. Per AGM Johnson, the Meter shop was \$35,000.00 over budget in meter reading as of June 30, 2018, due to holiday peaks in November through January, short read periods, and vacations. In addition, other areas with overtime overage such as Maintenance and Meter Distribution is attributed to high volume of leak activity. and then concluded the presentation. Director Lewis requested the last three years of overtime reports. Also, Dr. Dickerson requested the monthly totals for overtime which AGM Johnson agreed to provide. Dr. Munchus inquired about the cost for additional meter readers. Next, the scheduling of meter

readers employees and part-time hiring of meter readers was also discussed as options for reducing overtime. Director Muhammad spoke to the possibility of automatic meter reading. He went to a conference and spoke with people working for Badger Meter. He found out that with automatic meter reading, meters can be read from the office. Per Director Lewis, automatic meter reading has been looked at in the past; however, it previously wasn't beneficial to the Board and there is the impact of needing less employees and the cost for installing the systems. Director Clark suggested AGM Michael Johnson research and provide information to the Board to review on automatic meter reading within forty-five days. Chairman Alexander stated he would like for Board members to be present when the meter reading vendors present information.

Following, GM Underwood requested the Committee to review the BWWB Innovative Award Recognition for the Cahaba Pump Station for modifying rental rates and generating additional revenue, as set forth in agenda item five. HR. Manager Paul Lloyd, presented the Innovative Rewards Policy. He explained that it was originally approved by the Board in year 2011. There were employees that saved the Board money by coming up with innovative ideas. Therefore, it was decided to create a program to recognize the efforts of employees that could generate revenue or save money for the company by coming up with innovative ideas. The level of recognition consists of a bronze, silver, gold, and platinum level. Mr. Lloyd stated that when there is a team of employees eligible for the innovative award, the amount for the specified level is split among the group. Director Clark asked if the money was given to employees after the savings had been realized or when the innovative idea has been presented. Per Mr. Lloyd, four cost savings awards were distributed after the award. Director Lewis stated the Policy needs to be reviewed again. Director Clark and Dr. Dickerson agreed. Next, there was a discussion about the innovative group awardees given payment in advance and the request for them to pay the money back due to issuing without the Board's approval and the changing from distributing physical checks to ACH payments. Chairman Alexander left the room at 1:12 p.m. It was decided that the process of issuing checks/payments needed to be changed immediately, including the possibility of auditing some of the departments. Director Clark recommended Executive Session after the meeting to decide all issues needing to be investigated in the operations. Chairman Alexander returned to the meeting at 1:14 p.m. Director Lewis asked GM Underwood who was responsible for notifying the Board of the changes or legal notified. Director Lewis left meeting at 1:18 p.m. Then, the presentation was concluded.

Next, GM Underwood requested the Committee hear an update on paying Other Post-Employment Benefits (OPEB) cost from the FY 2019 OPEB plan, as set forth in agenda item six. AGM Michael Johnson gave presentation on the FY 2019 OPEB plan. Per AGM Johnson, Segal stated BWWB is 106% funded in the OPEB program (over funded). Therefore, BWWB has the option to pay the other post-employment benefits cost from the Operating and Maintenance (O&M) budget instead of the OPEB Trust. The company pays approximately a million dollars insurance premium for the over 65 employees; therefore, paying the said insurance premium from the over funded OPEB trust is beneficial, because it reduces the O&M budget amount.

Next, GM Underwood requested the Committee hear an update on the Pension Deduction Review Project, as set forth in agenda item seven. Human Resources Manager Paul Lloyd presented information on the Pension Deduction. Mr. Lloyd stated that on July 25, 2018, an Ultimate Software consultant/staff member will help them review the deducted pension versus the

amount of pension that should have been deducted from the employees. There was a discussion on the earning and deduction codes for Ultipro and whether that information is set up correctly in the system. Next, GM Underwood explained the implementation of Ultipro and its interaction with SAP payroll which concluded the topic.

Subsequently, agenda item 8 under new business, Director Mims requested the Board to examine the Board's retirement fund and allot a retiree to sit on a retiree advisory board. In addition, Director Mims stated he would like two retirement meetings per year to keep the retirees informed. Therefore, Director Mims made a motion to bring the item before the Board and Dr. Munchus seconded.

As there was no further business to be brought before the Committee, a motion to adjourn the meeting was duly made and seconded, and the meeting adjourned at 1:35 p.m.

_____/s/_____
George Munchus, Ph.D.
Director

_____/s/_____
Ronald A. Mims
Director

_____/s/_____
Brenda Dickerson, Ph.D.
Director

Mac Underwood
General Manager