

**Minutes Of
Engineering And Maintenance Committee Meeting
Of The Water Works Board
Of The City Of Birmingham
April 11, 2017**

An Engineering and Maintenance Committee Meeting of The Water Works Board of the City of Birmingham was held on Tuesday, April 11, 2017, at 11:30 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama, 35222, to discuss engineering and maintenance issues.

The following Committee members were present: Brett A. King and Sherry W. Lewis. Also present were Board members: Tommy Joe Alexander, Deborah Clark, George Munchus, William R. Muhammad and Brenda J. Dickerson who do not serve on the Committee.

The meeting was also attended by: Mac Underwood, General Manager; T. M. "Sonny" Jones, Assistant General Manager of Engineering and Maintenance; Darryl R. Jones, Assistant General Manager of Operations and Technical Services; Michael Johnson, Assistant General Manager of Finance and Administration; Mark Parnell and Mary Thompson, Parnell Thompson, LLC; Jerry Jones, ARCADIS; David Merrida, Birmingham Construction Industry Authority; Kelvin Howard, KWH, LLC; Jesse Lewis, The Lewis Group; two Birmingham City Police officers; David Head, Utegration; Chandra Abesingha, CE & Associates, Inc.; George Anderson, IT Manager; Roger Hicks, Water Resources Manager; Scott Starkey, Security Manager; Terrell Jones, Security Superintendent; Rick Jackson, Public Relations Specialist; Barry Williams, Business Systems/Transformation Manager; Grace Amison, Executive Assistant to the Board of Directors; Tammy Wilson, Executive Assistant to T. M. "Sonny" Jones and Darryl R. Jones.

General Manager, Mac Underwood called the meeting to order at 11:40 a.m.

Following, agenda item 1 was a request for the Committee to discuss the meeting space for the Board of Directors. GM Underwood began by explaining what had been accomplished in the existing Board Room space since the last Board Meeting was held. The back wall has been extended and painted, the barrier has been lowered so guests can see the Board and Staff easier, new speakers and microphones have been added, the carpet has been replaced and additional chairs with enough seating for 44 guests were added according to GM Underwood. GM Underwood stated this almost provides as much seating for guests as the Training Room set-up did with 50 guests. All Board Meetings have historically been held in the existing Board Room and it is easier to secure GM Underwood added. Director Munchus stated he did not see anything wrong with meeting in the Training Room two days per month since the Board expanded by four members in January 2017. Director Munchus stated he was fine with holding Board and Committee meetings there. Chairwoman Lewis stated that the purpose of meeting temporarily in the Training Room to begin with was only so the existing Board Room

could be renovated to meet the needs of the expanded Board not to provide additional room for guests, adding that it was not necessary to continue inconveniencing employees and the Training Department by using their space. Chairwoman Lewis stated she had researched other entities and they have limited space as well. There is a heightened interest in The Birmingham Water Works (BWVB) right now so we are seeing more guests, but that will not always be the case according to Chairwoman Lewis. Under normal circumstances, for many years we have never had problems with space for guests in the existing Board Room Chairwoman Lewis stated. Director Munchus stated he believed there was more interest due to the additional Board Members. Chairwoman Lewis stated she believed the guest appearances are organized and planned. Chairwoman Lewis reminded the Board Members that the existing Board Room was recently renamed and dedicated to current Board Member and past Chairman, Ronald A. Mims and current Board Members were a part of that even though she was not involved. Director Dickerson stated the 44 to 50 seats allowed for guests was not a lot, but that she was in favor of waiting to see if the guest count rises. Director Muhammad brought up Jabo Waggoner's bill that expanded the Board prior to him being appointed to the Board stating there were hardly any vacant spaces for guests at that time, as he attended as a guest in favor of stopping the bill from passing. The analogy of packing people into a Volkswagen was used by Director Muhammad. The space is tightly packed in the current Board Room with small tables to work off of. Director Muhammad also stated he did not know that the expansion of the Board would result in the firing of Fuston, Pettway and French, LLC. Times have changed Director Muhammad noted. Director Muhammad also stated that Jesse Lewis, the Board's Public Relation's consultant, who is 93 years old was asked to leave his seat and sit in the overflow section at the last Board Meeting because there were not enough seats. Director Clark stated she was comfortable in this room and this Board should be concerned with conducting BWVB business and not all business of the City of Birmingham adding she believed Staff has done a good job of accommodating the additional guests and expanding the existing Board Room without spending unnecessary money. Director Clark stated if you have another agenda, this Board Room is not the place for it. Director Clark stated she did not like the security situation with meetings being held in the Training Room because guests have access to too many areas of the building. Director Alexander agreed stating he was comfortable in the existing Board Room and pleased with what Staff has done to meet the expanding Board's needs. Director Alexander concurred with Director Clark by saying the Board is here to conduct BWVB business not to accommodate any number of people. Director Dickerson stated BWVB is in the news a lot right now and possibly the situation could be monitored and Staff could re-address the issue at a later date. Since 1990, Director Lewis stated we have been meeting in this room and dealing with the news at various times so this is nothing new. Chairwoman Lewis stated everyone knows how she is passionate about not interrupting the day to day operations of employees. Director Muhammad stated it was discussed in a prior meeting to possibly have a Board Room off the Lobby area and that was a real compromise. Director Muhammad stated he thought the existing Board Room was not secure and it is disruptive to employees to walk through their work stations in the Executive Office to get to the Board Room. Director Muhammad stated he believed the Board only temporarily tabled the \$500,000 bid to fully renovate the existing Board Room. Director Clark stated the Board needs to stop

handing out contracts to everyone, to live within its means and not spend money unnecessarily. Director Muhammad stated he did not understand because the Board saved \$25 million on the Capital Budget and rates did not go down because of that. Assistant General Manager, Michael Johnson stated the BWWB rates are much less than the National Average at this point and that costs are controlled by managing the Capital Budget and Operating Expenses. Director King stated the Board does not have to spend any more money on the Board Room and if we get to a point where the issue needs to be re-addressed he was open to that and he welcomes it. Chairwoman Lewis stated she was fine staying in the Board Room as it is. Discussion occurred regarding whether or not to table the item. Attorney Mark Parnell stated that unless there were any changes to the Board's permanent meeting location, an agenda item relating to the issue would not be needed. Director King added that he was not opposed to any Director bringing up this item in the future. No further recommendations were made. Some discussion occurred regarding approving the minutes from the last Engineering and Maintenance Committee with Director King asking if those minutes need to be approved in this meeting. Executive Assistant to the Board of Directors, Grace Amison stated they had not been being approved in Committee; however they probably need to begin being approved in the Committees. Some additional discussion occurred with Director Muhammad suggesting to take a vote on the meeting room issue so it would be known who opposes it. Chairwoman Lewis stated she believed the issue had been covered today. Director King suggested moving to the next item.

Next, item 2 was a request for the Committee to discuss potential water releases from Inland Lake. Director Munchus stated he looks at this action as an investment. Director Clark stated it was not in the Board's best interest if we are still in a drought. Director Munchus asked if anyone paid surcharges during the drought. Assistant General Manager, Darryl Jones stated no one paid surcharges during this drought. AGM Darryl Jones provided a BWWB System Update handout (a copy of which is on file with the Committee meeting book) to the Board and Staff. The System Data for April 11, 2017 shows Lake Purdy full at 551.25 feet and Inland Lake is down only 0.10 feet at 783.90 feet AGM Darryl Jones stated. April 10, 2017, the BWWB announced no water usage restrictions in a press release, dropping out of Stage 2 of the drought. AGM Darryl Jones stated Inland Lake should be full by Wednesday or Thursday of this week. The current conservation mandate encourages consumers to use water wisely. Our region is still not completely out of the drought according to AGM Darryl Jones, it is about 6 inches below in rainfall. Staff looked at releasing 300 cubic feet per second which is a 194 million gallon per day flow rate, so based on that flow rate if we release water for eight hours it would be about 65 million gallons of water Darryl Jones stated. Darryl Jones stated if the BWWB releases 90 million gallons of water it would drop the lake two tenths of a foot or about 2 1/2 inches. Director King stated the lake is full today whereas last meeting we discussed the proposed test with the lake within five feet of being full. This action will only drop the lake by about three inches Director King stated. Director Lewis remarked that she was concerned with cost and liability regarding a water release. Director King clarified he was asking for a release for testing purposes only for April 22, 2017. Some discussion occurred surrounding the BWWB water release that took place in 2012 regarding the need to inspect the dam for possible failure by lowering the lake. AGM

Darryl Jones stated much more water was released during this exercise in order to conduct the dam analysis. The outcome of the inspection was a good bill of health associated with the inspection. Director Munchus stated anytime we can generate Economic Development he is in favor. Director Lewis asked about clean-up costs associated with the proposed water release. Director King inquired about data we may already have to the extent that we know how much water is released that would allow water to go over the bridge. GM Underwood added that time was spent by the Distribution Staff during the 2012 water release cleaning out culverts and trees that were down so the river would not back up. AGM Sonny Jones stated some BWWB employees live in the area so the BWWB knows where the touch points are. Director Lewis asked if any other company would be involved in the water release test or event. Director King responded the Blount County Economic Development Council, which is governmental, is what he had proposed. Director Lewis stated if they are promoting this event that the BWWB is liable. Director King explained that the water would be released into the public domain so we have no ability to control if anyone promotes or uses it. Director Dickerson asked if there is any liability on the part of the BWWB should anyone get hurt. Director Munchus stated we were basically just promoting an environment. Director Clark asked AGM Darryl Jones if she understood correctly, that the lake level is full and that valve testing is something we would normally do just not for this period of time. AGM Darryl Jones stated the lake level is full and the valve testing is performed two times per year. It was confirmed that BWWB personnel would be involved in collecting any data associated with a test water release. AGM Darryl Jones stated the Staff costs would be somewhere in the neighborhood of \$2,000.00 to cover BWWB employees opening valves and coordinating the efforts downstream. Some more discussion took place concerning the BWWB's liability in the case of kayakers on the water. Board attorney, Mark Parnell stated BWWB assumes some responsibility not to flood property and roads. Also, volunteers should probably be required to sign releases attorney Parnell stated. Attorney Parnell stated BWWB is a public entity with a purpose to provide water and one of the things the Board would need to do is determine if the findings in the current consent decree include expenditures associated with this action. The consent decree allows for some charitable contributions consistent with the BWWB corporate purpose. Director Munchus suggested this exercise could be used as an educational tool on how water is released. Some discussion occurred regarding the BWWB providing education in all counties. Director Lewis stated she is leery of someone else having control of advertising for the BWWB. Director King stated the decree reads that the BWWB may provide for education, science and technology about water works; insuring access to and wise use of water resources and protection of the environment. Director Munchus stated that this is available to all of the service area and counties. Director Clark requested that any advertising come back to the Board for approval if there is anything formal announced. Director King stated it would most likely only be announced through Facebook or some type of social media. AGM Darryl Jones stated the lake is full and if we have similar rain events over the next week, nature may take its course and the group may just need to be ready. Director Lewis stated the other side of this story is specifically targeting certain days. Director Munchus stated that no data could be collected without a planned organized event. Director Alexander asked when our normal testing takes place. AGM Darryl Jones stated there are usually two tests; a spring test

and a fall test. Director Alexander asked if this event could qualify as our spring test. AGM Darryl Jones responded yes. Water Resources Manager, Roger Hicks confirmed that our testing is usually performed in under an hour. AGM Darryl Jones added that our testing is performed Monday through Friday. Director Clark stated that since the proposed test is to run for four hours, what happens if flooding damage occurs? AGM Darryl Jones stated the action would be controlled in tight spot areas. The mechanics are not in dispute according to AGM Darryl Jones. Director King confirmed that he is only asking for the four hour testing period on April 22nd. Attorney Parnell responded that a resolution would be needed for the event, but not necessarily for an expanded test as long as the Board concurs. GM Underwood stated that BWWB personnel would need to be present to monitor during this test period. AGM Darryl Jones stated the proposed testing would not be as much water as was released in 2012, adding that the Blount County EMA (Emergency Management Agency) coordinated efforts with BWWB before and during that water release. Some discussion occurred surrounding the BWWB school program covering all counties. GM Underwood stated the school program would be discussed in the upcoming Communications Committee Meeting. Director Lewis asked how the consent decree came about. Attorney Parnell responded in the late 90's when the Board was being investigated over charitable contributions, which resulted in a lawsuit. To do the test should not be a problem and a resolution would need to be drafted to cover this in every way Attorney Parnell stated. As far as the event, the BWWB has broad but not unbridled discretion and the Board would need to approve any associated expenses according to Attorney Parnell. Director Muhammad stated it does not have anything to do with the BWWB if kayakers decide to organize an event around the BWWB's actions. Director Lewis agreed, adding as long as the BWWB is not advertising. Attorney Parnell suggested that the Attorney General's office could be contacted for their opinion. Director Munchus stated that he would leave them out of it. Director King recommended that this item be brought before the April 13th Board Meeting even though he would not be present. Director Muhammad asked why the testing would need to take 4 hours. AGM Sonny Jones stated water travels at two to five miles per hour. Director Dickerson stated she thought it disingenuous to test without explaining that there is a planned event in connection with the testing. Some discussion occurred regarding not announcing this as a BWWB organized event. Attorney Parnell stated it should not be a test under the guise of an event. Some discussion occurred surrounding performing the testing in June rather than April and Staff agreed that April is much better as the lake has an opportunity to refill before the high consumption months. GM Underwood stated if this request was being made for releasing water from Lake Purdy, it would not be considered. AGM Darryl Jones responded that this is ultimately the Board's decision. AGM Darryl Jones stated that Gary Tractman with ARCADIS, had gathered data suggesting rainfall slightly below what is normal for the next 3 to 6 months, but close to what they predicted. Some good rain events have happened recently though. The Committee agreed to move the item to the full Board to request valve exercise testing from 8:00 a.m. to 12:00 p.m. on April 22, 2017 for a period of up to four hours.

Following, Item 3 was a request for the Committee to recommend to the Board approval for the lowest responsible bid from Jordan Excavating, Inc. for the relocation of Water Board facilities in conflict with an Alabama Department of Transportation (ALDOT)

Project for widening and resurfacing U. S. Highway 78, Phase One from I-59 to Finley Boulevard at a bid amount of \$1,580,865.00; plus estimated costs of materials and Water Board labor in the amount of \$425,250.00; less estimated ALDOT reimbursement totaling \$1,970,615.00 for an estimated out-of-pocket cost to the Board of \$35,500.00. Some discussion took place regarding the minority participation figure from the contractor of 21%. Director Munchus commented that he would like to see more minority participation, because we still have contractors not following the bid. Director Clark stated it was better than 5%. Director Dickerson stated that the General Manager and Staff should be more proactive in the process. Director Clark stated David Merrida and Michael Bell are working on this issue and they need to step up their game and bring the Board what they have asked for. Director Dickerson concurred and added that if BCIA could not perform their job that the Board needed to get someone else. Director Muhammad stated that the current HUBE Policy is the problem and does not mean anything because this could mean 21% women. Director Lewis stated she did not have a problem with that. Director Muhammad stated it could mean 21% white women then. Director Lewis stated she did not have a problem with that either. Director Muhammad stated what he has a problem with is black males being historically underutilized. Director Muhammad stated he has a problem with contract compliance and he spoke to BCIA two months ago and they still have not presented anything. David Merrida, with Birmingham Construction Industry Authority (BCIA) provided an update when called upon regarding educating contractors to increase the minority participation. Mr. Merrida stated he would have the results in about three weeks. Director Dickerson asked what other programs BCIA has looked at. Mr. Merrida responded Maryland, Washington, D.C, South Carolina and North Carolina. The Committee agreed to move the item to the full Board.

Next, Item 4 was a request for the Committee to hear an update from Jerry Jones, of ARCADIS on the overall SAP Program with a specific focus on the recently implemented CRB Project and review ongoing support proposals for 2017 from Utegration and ARCADIS. In 2008 the overall goal for the SAP Program is to provide modern, flexible and efficient information technology and support that helps the BWWB make appropriate decisions based on timely and accurate information. The SAP Enterprise Resource Planning (ERP) software, integrates all departments and functions across BWWB onto a single platform that provides real-time information for the business. SAP Phase I began in 2011 with initial implementation which included financials, plant maintenance, project systems, purchasing and inventory. SAP Phase 1.5 began in 2012 – 2013 which consisted of business process improvements performed to financial structure, purchasing, distribution and inventory management. Customer Relationship and Billing began in 2015 and is ongoing. Prior to SAP, the BWWB relied on five-week old data, and waited for Operation and Statistical reports with manual input which resulted in delayed Capital Project start-up. Utilizing SAP, expenditures are tracked in “real-time” and data is analyzed at period-close resulting in quicker Capital Project start-up. SAP Phase 2 Blueprinting began February 2015 which includes CRM, billing, IC-Web, Mobius and EAM, which touches the customer. Realization began September 2015 which includes Call Center, Customer Support, Meter Shop, Accounting and System Development. Director Munchus asked what the driver was in not delaying

going live. GM Underwood said in delaying we would have incurred additional costs and it was bad timing because of the rate increase in the fall. Director Munchus stated there would have been a cleaner roll-out though. Director Munchus stated he would not have had a problem delaying it for a cleaner roll-out and incurring additional costs. Director Clark stated communication would have improved the roll-out. Director Dickerson and GM Underwood concurred. Jerry Jones stated the human component is complicated. The Project Team members include BWWB (client), ARCADIS (program management) and Utegration (system integrator) members. Right now, Jerry Jones explained, we are in the Stabilization Phase. Typical stabilization periods are three to six months. Productivity will initially drop, but should then improve as users adapt to the new system. Users and management will continue to embrace the strategy of adopting new processes and ways to manage the business, including working in new ways with other departments and sometimes shifting responsibilities. Jerry Jones stated that no one in the room made the decision to go with SAP and it was given to him in 2011. About \$26 million has been spent in six years. Annual budgets and IT cost of ownership were discussed with the cost in 2013 being \$2,479,476, in 2014 being \$3,094,896, in 2015 being \$2,866,492, in 2016 being \$2,902,946 and in 2017 the projected cost being \$4,153,646. GM Underwood stated a team will have to be put in place so that Utegration can train employees on how to manage everything to stabilize the system and have everything in house. Director Munchus complimented Staff even with the various setbacks stressing the importance of the human component and communication. Director Lewis stated the customer should have seen no change and the transition should have been seamless. Director Lewis stated we could have done better and we are moving in the right direction now. Every account is important Director Lewis stated. Director Alexander stated Irondale had some of the same problems and they finally got it straightened out.

Following, Item 5 was a request for the Committee to recommend to the Board approval to execute a contract with the Leeds Water Works to purchase non-potable raw water from the Leeds Water Works during extreme drought conditions. Director King asked if was reciprocal both ways. GM Underwood responded Leeds can buy from the BWWB and the BWWB can buy from Leeds. AGM Sonny Jones referred to a map board which outlined the well location, adding that the well was capable of providing up to one to two million gallons of water per day which will flow via a creek into Lake Purdy. AGM Sonny Jones stated we would pay Leeds \$124.00 per 100,000 gallons of raw water. GM Underwood reminded the Committee that the Board purchased water during the drought in an emergency situation in 2016 from Leeds Water and this agreement would be in place for the future if a situation occurs. The Committee agreed to move the item to the full Board. Director King thanked Staff listening to him on Inland Lake, conducting the meeting and providing updates on these items.

As there was no further business to be brought before the Committee the meeting was adjourned at 1:44 p.m.

/s/

Mac Underwood
General Manager

/s/

Brett A. King, Esq.
Secretary-Treasurer

/s/

Sherry W. Lewis
Chairwoman/President