

**Minutes Of
Joint Engineering and Maintenance And Business and Economic Development
Committee Meeting
Of The Water Works Board
Of The City Of Birmingham
May 2, 2017**

A joint Engineering and Maintenance and Business and Economic Development Committee Meeting of The Water Works Board of the City of Birmingham was held on Tuesday, May 2, 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 and business and economic development issues.

The following Engineering and Maintenance Committee members were present: Brett A. King, Sherry W. Lewis and Ronald A. Mims. The following Business and Economic Development Committee members were present: Tommy Joe Alexander, George Munchus and Deborah Clark. Also present were William “Butch” Burbage, Jr. and William R. Muhammad who do not serve on the Committees.

The meeting was also attended by: Mac Underwood, General Manager; 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 and Brian Ruggs, ARCADIS; Kelvin Howard, KWH, LLC; Jesse Lewis and Dorian Kendrick, The Lewis Group Agency 54; two Birmingham City Police officers; David Head, Utegration; Abra Barnes, Barnes & Associates; Ken Delap; Concessionaire Lake Purdy; Alex Jones, resident near Lake Purdy; 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; Ben Sorrell, Chief Engineer; 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 11:32 a.m. announcing that all three members of both Committees were present.

Following, agenda item 1 for the Business and Economic Development Committee Meeting was a request for the Committee to discuss the Lake Purdy Concessionaire Agreement. Assistant General Manager, Darryl Jones gave a Power Point Presentation (a copy of which is on file with the Committee meeting book). Host Recreation Inc. owner, Ken DeLap and Birmingham Water Works Board (BWVB) Water Resources Manager, Roger Hicks were recognized. Mr. DeLap is leasing on a month to month basis, according to AGM Darryl Jones at \$250.00 per month in revenue for BWVB and he is maintaining the facilities. The BWVB had a 10-year lease agreement with Host Recreation, Inc. from 1997 – 2007, with a 5-year extension which

ended in 2012. Following 2012 some other options at Lake Purdy were considered by the Board at that time. Host Recreation, Inc. launches, and rents boats and motors to the public for fishing and boating purposes. Mr. DeLap also sells live bait for fishing, fishing licenses, fishing tackle and groceries. Mr. DeLap provides a valuable service in securing the area by having personnel present 24 hours a day. The BWWB's annual revenue is \$3,000.00 per year. Photographs of damage to the store along with tree trimming needs and various paving issue needs were shown to the Committee. Various signs and an entrance gate are also in need of repair. Director Alexander asked if a tree fell on a trailer at the property. Mr. DeLap responded that the trailer was owned by him, confirming that a tree had fallen and that he needed to make the necessary repairs. Chairwoman Lewis asked if there was any BWWB signage on the property. AGM Darryl Jones responded there was not; however there are "No Trespassing" signs posted in various locations. Chairwoman Lewis responded that she would like to see BWWB signage on the property. The total projected cost of needed repairs is estimated at \$438,500.00. Some discussion took place regarding the projected cost of paving at \$407,000.00. Directors Alexander and Clark stated they believed this figure was excessive. AGM Darryl Jones reminded the Committee that all of the figures are estimates only. Director Clark stated the roof repair estimate was high as well. Director Munchus asked if there was ever a plan to generate more income at Lake Purdy. AGM Darryl Jones responded that H. B. Brantley had made a presentation under past Board Chairman Jackie Robinson to develop a conference center among other structures off Highway 119. Chairwoman Lewis stated that H. B. Brantley did indeed make a plan proposal asking the BWWB to pay for a study along with all of the other associated costs which did not pass the Board. The Committee asked Staff to work on a better cost estimate for the needed repairs at Lake Purdy. GM Underwood stated it is costly to perform repairs on or near water. AGM Darryl Jones stated when the meeting was scheduled there was little time to prepare, but that Staff would get quotes and bring them back to the Board. Director Munchus asked if the H. B. Brantley proposal was off the table. GM Underwood responded that the proposal included a marina, convention center, multiple cabins, bike trails and bridges, all of which the BWWB would be responsible for developing and paying for. Chairwoman Lewis stated this was not a win situation for the BWWB. Ken DeLap stated he has been running Host Recreation, Inc. for 23 years. The deterioration of the buildings is a liability and the BWWB needs a lease agreement in place. Some discussion occurred regarding the potential for new revenue from three RV style cabins for short-term rentals, possible hunting permits and a "Friends of Lake Purdy" membership. The current request would be for a 10-year contract with 5-year renewals and a maximum of two renewal periods. GM Underwood stated the issue before the Board was to see if there is an appetite to continue to lease so Mr. DeLap can make the investments he is talking about. Director Munchus asked Staff to provide a copy of the old lease. Chairwoman Lewis asked Staff to provide a draft of the new contract. GM Underwood Staff did not have a draft ready yet. Director Munchus asked Staff to refresh his memory on a proposal using BWWB property for hunting purposes at Lake Purdy. GM Underwood stated Staff worked with Westervelt Wildlife Services to divide plots at Lake Purdy in the past. There were 7 or 8 plots listed on the website and an employee's husband got on the site to lease a plot. Nearby neighbors did not look favorably on the arrangement so

BWWB discontinued the contract with Westervelt Wildlife Management. More discussion took place regarding activities at Lake Purdy and Inland Lake. GM Underwood explained that Inland is very tight around the lake, whereas Purdy is much more expansive around the lake. Director Alexander pointed out from the photos that the Lake Purdy property belongs to BWWB and it needs to be improved. Director Munchus stated it is an embarrassment in its current state. Mr. DeLap stated there is also a Lake Purdy Rowing Association and that Samford University uses the lake for their rowing team practice. Director Alexander stated he liked the idea of helping kids and colleges. Director Munchus added that other colleges could get involved in rowing at Lake Purdy such as U.A.B. and Miles. Mr. DeLap stated Lake Purdy is ideal for rowing purposes because it is long and calm with straight paths. GM Underwood stated Staff would like to bring the Lake Purdy lease agreement with improvements by BWWB and Mr. DeLap to the Board along with hunting information. The Committee agreed to move the Lake Purdy lease agreement to the full Board at a meeting in the future. Director King stated as a fiduciary duty, he would like to see the revenue increased. AGM Darryl Jones stated increasing revenue is definitely on the table.

Next, agenda item 2 under New Business, Director Muhammad provided a handout (a copy is on file with the Committee meeting book) containing a proposal from Finley Group, Inc. for a minority vendor program evaluation. Director Muhammad added that he is not necessarily recommending the proposal as he has not thoroughly reviewed it. Chairwoman Lewis reminded the Committee that these types of proposals should be forwarded to Senior Staff in advance to be vetted. Director Munchus stated he appreciated Director Muhammad bringing the item forward.

Following, agenda item 1 for the Engineering and Maintenance Committee was a request for the Committee to approve minutes from the March 1, 2017 Engineering and Maintenance Committee Meeting. On a motion duly made by Chairwoman Lewis and seconded by Director Mims, the minutes of the Engineering and Maintenance Committee Meeting held March 1, 2017 were approved by the Committee.

Next, item 2 was a request for the Committee to discuss the City of Birmingham rezoning of Birmingham Water Works Board (BWWB) property near Lake Purdy. A handout (a copy of which is on file with the Committee meeting book) of the City of Birmingham Department of Planning, Engineering & Permits was provided to the Committee. GM Underwood stated the City of Birmingham is in the process of rezoning property around Lake Purdy to place it in a conservation/holding zone or changing it from R1 R2 to D1 D2. GM Underwood stated Assistant General Manager Sonny Jones had met with city officials last Wednesday concerning the rezoning process. Some discussion occurred regarding the driving force such as a developer being behind the rezoning push. Attorney Mark Parnell confirmed the BWWB owns the property and it is located within the city limits of Birmingham adding a developer would not be able to get it rezoned. There are two agreements that exist according to Attorney Parnell which control this property; one is the Acquisition Agreement with the city and requires the property to be held in a conservation easement, the other is the settlement agreement with

the attorney general's office which reaffirms this. Any decisions that are made regarding the property have to be consistent with what a conservation easement would be. Director Munchus stated the Board could speculate that the rezoning has something to do with developing. Director Clark stated the Board needs to know exactly what the rezoning changes would mean. Brian Ruggs with ARCADIS was recognized as he serves on the Zoning Board for the City of Birmingham. Mr. Ruggs explained that the City of Birmingham rezoning process began in 2011 and in 2013 the city adopted its first comprehensive plan in over 55 years. Mr. Ruggs stated that there has been a resurgence of mixed use development adding that the rezoning is a part of the Framework Plan. As many properties as possible have been looked at and the city is trying not to down grade any properties according to Mr. Ruggs. The Birmingham City Council has the final say regarding re-zoning issues Mr. Ruggs stated. GM Underwood stated Staff wants to meet further with city officials to find out more, but Staff wanted to make sure the Board was aware of what Staff knows at this point. GM Underwood stated the property around Lake Purdy should stay zoned as it currently is to protect the water as it was intended; not used and not developed. Director Alexander stated BWWB does not need any more developments around Lake Purdy. Some discussion occurred regarding the Highland Lakes development in Shelby County. The Committee agreed to discuss the issue in further detail at a later date.

Following, item 3 was a request for the Committee to discuss various issues under the BWWB Real Estate Program. GM Underwood referred to a large map pointing out the property the BWWB owns around Cahaba Beach Road and Sicard Hollow Road, right past the Cahaba Pump Station. Guest, Alex Jones addressed the Committee to propose an easement for ingress and egress at the Fleming Branch property on Sicard Hollow Road. A handout (a copy of which is on file with the Committee meeting book) was provided which included the original letter from Alex Jones dated May 8, 2017 along with a map depicting the location. Alex Jones requested the Board to grant an easement on the existing logging road in exchange for Fleming Branch property, deeding the BWWB the parcel of land that sticks down off of the 40 acre tract and touches Sicard Hollow Road. Alex Jones stated he believed the parcel was about 8 acres. This agreement would make the land owned by the BWWB on both sides of Fleming Branch contiguous joining the BWWB land together and it would give Alex Jones access to his 40 acres along an existing road with little material to make it a usable drive way. Alex Jones stated his plan would be to sell the 8 acres. Director King asked how wide of an easement was being asked for. Alex Jones responded about 30 feet. The Fleming Branch track is encumbered by a Conservation Easement but has the right to build one house and barn/garage, etc. on one acre. Chairwoman Lewis asked if Staff recommended approval. GM Underwood responded yes adding that the attorneys would draft the necessary documents and include the Board's independent engineer. Alex Jones commented on Lake Purdy stating that this property is the most beautiful property in the Southeast and that there is nothing like it. Alex Jones stated his idea on the paving issue at Lake Purdy would be to break up the existing paving and bring in some crushed river stone. Director Munchus asked if Staff had a recommendation. Chairwoman Lewis stated to be transparent, that there may be some litigation involved. GM Underwood explained that

property has been vacated in this particular area and if Shelby County decides to open it up there will be a lawsuit where the BWWB could be named. Attorney Parnell stated the Board has conducted business with Alex Jones in the past which has generally benefited the BWWB. The landowners are going to try to stop the action should Shelby County file a suit. Alex Jones also bought Charles Workman's property to keep him from putting a cell tower on the property according to Attorney Parnell. AGM Darryl Jones explained how this property ties into the Carson Loop Project. GM Mac Underwood recommended the easement into the property, giving BWWB 8 acres for it. It was confirmed that Alex Jones would pay for the surveying associated with the proposed land swap. Director Munchus stated he would like the independent engineer to be involved. On a motion duly made by Director King and seconded by Director Munchus, the Committee recommended moving the proposed easement request from Alex Jones to the full Board with more detailed information.

Next, Ms. Abra Barnes, Barnes & Associates, Realtors provided an update to the Board on excess property and a sales contract offer on 2431 Crest Road, Birmingham, Alabama 35223 (a copy of which is on file with the Committee meeting book). Barnes & Associates, Realtors is the BWWB's agent of record according to GM Underwood and a previous Board from June 2016 recommended Staff to look at surplus property to sell off. Staff can also get detailed surplus properties to the new Board GM Underwood stated. Ms. Barnes stated the Hugh Daniel property would be very costly for the BWWB to develop. The Moody property is a swamp Ms. Barnes stated. Further, the appraised values on the various BWWB properties are astronomical according to Ms. Barnes. GM Underwood stated he did not believe the BWWB has the means to get into the developing business. Ms. Barnes stated the county assessed value of 2431 Crest Road is \$237,100.00. AGM, Darryl Jones described the piece of property with the sales contract as being at the cut-through of Red Mountain where the Red Mountain tank used to be. The property now houses a cell tower which the Birmingham Police Department, Fire Department and BWWB SCADA operations currently use. AGM Darryl Jones explained if the property is sold the Board would need to look for another parcel of property at a high enough elevation to be able to communicate to the North and South. Director Clark asked why it was on the list to sell. Chairwoman Lewis expressed her concern with the Board selling prime property. A property was mentioned for donation purposes from the inventory of property deemed excess (a copy of which is on file with the Committee meeting book), Putnam Filter Plant (Play Ground) with Chairwoman Lewis stating we could help communities by donating parcels such as this which are not of any use to BWWB. Director Clark stated she believed the new Board needed to look closer at these excess properties. GM Underwood added that the previous Board asked Staff to look at sub-dividing property into 1 acre lots at Sicard Hollow Road and Grants Mill Road. GM Underwood stated there would be another meeting in the future just on excess property. Director Alexander asked if the Board received revenue from any cell towers. GM Underwood stated the Board does receive revenue from some locations currently. GM Underwood stated Staff would provide a list to the Board of all current cell tower leases. GM Underwood stated Staff would bring all of this information back to a Finance Committee meeting in the next 30 days along with any updates from Ms. Barnes.

Director Muhammad stated under Economic Development terms, land that is not in the watershed could generate revenue. Chairwoman Lewis stressed that making quick money should not be in the Board's mind, but thinking outside the box regarding other opportunities should be. Chairwoman Lewis said they are not making new land. The Committee did not recommend moving forward with the sales contract offer on 2431 Crest Road, Birmingham, Alabama 35223.

Following, AGM Darryl Jones provided a handout (a copy is on file with the Committee meeting book) which was a letter from Jerry Wayne Graves, dated April 13, 2017 asking the BWWB to consider a land acquisition. The property is located on Grants Mill Road. The comps Mr. Graves provided price the property at \$150,000.00 - \$300,000.00 per acre with a cost to the Board of \$3.2 million. Staff recommended not purchasing the property because it does not benefit the BWWB. Mr. Graves stated he would develop the property if the BWWB is not interested. AGM Darryl Jones added there are some guidelines for developing which must be followed because it is in our watershed. There is property nearby in the triangle behind our campus to expand our campus which would add value AGM Darryl Jones stated. Directors King and Mims did not entertain the offer and Chairwoman Lewis abstained from voting.

Next, item 4 was a request for the Committee to discuss the SAP transition to BWWB Staff. Barry Williams presented the SAP Business Systems update. The HR Systems is the only outstanding area. Staff has had external assistance from ARCADIS and Utegration implementing the various Phases and internal Staff will pick up most of the work upon completion. Barry Williams explained that BWWB is in the Stabilization Phase and the typical stabilization periods are 3 – 6 months in length. There were some unique situations where we had to have help to design programs to correct the situations. The annual budget going forward is \$5 million per year to maintain the system. Director Clark asked how much the cost was to maintain the OTIS System annually. Otis was an old legacy system and did not have an interface with any of our systems Barry Williams stated. GM Underwood stated the \$5 million includes other systems that IT maintains. Barry Williams stated there will be 12 months of support coming from ARCADIS, Utegration and additional trained BWWB Staff. Chairwoman Lewis asked how many additional positions would need to be added. GM Underwood stated there were 4 vacant positions in the budget for SAP and 2 have been filled in IT already. Jerry Jones stated enhancing the team with 2 additional positions is what would be needed. Some discussion surrounded the Go Live date and the problems relating to it. Director Munchus asked why Staff has been delayed in getting new employees. GM Underwood stated in retrospect Staff should have but they were involved with implementing. GM Underwood stated training will be given to existing employees. Director Clark asked if SAP is working. Barry Williams said he is comfortable with how the system is operating, but it is not without some glitches and no system is immune to that. Staff will send out letters announcing a June 1, 2017 collections date for past due accounts; however the BWWB is continuing to work with customers. Additionally, the BWWB Payment Center will open for a half-day on Saturdays through the end of June in order to assist customers with their issues. GM Underwood added that the customer service hours

will be extended from 7:00 a.m. to 7:00 p.m. GM Underwood provided a one-page handout (a copy of which is on file with the Committee meeting book) of Delinquent Accounts Subject to Disconnect as of May 2, 2017. The total number of delinquent water customers is 21,429; over 120 days delinquent is 8,715 and the total dollar amount is \$2,811,991. Some discussion occurred regarding BWWB collecting sewer charges for Jefferson County. Chairwoman Lewis stated the Board and Staff are still in discussions. Some discussion took place surrounding cut-offs and legitimate billing errors versus customers not paying their bills. Chairwoman Lewis stated it is the customer's responsibility to contact the BWWB to make arrangements. GM Underwood stated Staff would like to get back to a 45 day cut-off. Director Munchus stated Jefferson County should step-up. Chairwoman Lewis stated she and the GM's team are working with Jefferson County and asked Director Munchus to give everyone an opportunity to continue.

There was no discussion under New Business.

As there was no further business to be brought before the Committees the meeting was adjourned at 2:07 p.m.

_____/s/_____
Mac Underwood
General Manager

_____/s/_____
Brett A. King, Esq.
Secretary-Treasurer

_____/s/_____
Sherry W. Lewis
Chairwoman/President