

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
April 24, 2019**

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, April 24, 2019 at 11:30 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: William Burbage, Jr., Deborah Clark, Brenda Dickerson, Ronald A. Mims, Tommy Joe Alexander, Sherry Lewis, George Munchus, William Muhammad, and Brett King.

The meeting was also attended by: Michael Johnson, General Manager; Sonny Jones, Assistant General Manager; Grace Amison, Executive Assistant to the Board of Directors; Anitra Hendrix, Executive Assistant to the General Manager; George Anderson, Rick Jackson, Terrell Jones, Ben Sorrell, John Dansby, Barry Williams, Paul Lloyd, Rosalind Jones, Jeff Cochran, Kyle Swiney, Jason Roden, Tony Williams, Rodrick Kennedy, Everett Wesley and Kenneth Glover, Board Employees; K. Mark Parnell, Mary Thompson, Parnell Thompson, LLC; Kelvin Howard, Kelvin Howard, LLC; Martha Bozeman, Agency 54; Patrick Flannelly and Brian Ruggs, ARCADIS; Matthew Arrington, Terminus Municipal Advisors; Walter Lewis, Piper Jaffrey; Theo Johnson, Volkert, Inc.; Coy Ausborn, State of Alabama Attorney General; Earl Hilliard, Jr., and Ken King, City of Birmingham; Chandra Abesingha, C E Associates; Andre Petties; and Officer Meadows.

Inasmuch as nine of the directors were present; Chairman Burbage declared a quorum in attendance.

Chairman Burbage called the meeting to order at 11:30 a.m. Mr. George Anderson opened the meeting with prayer. Director Lewis arrived at the meeting at 11:32 a.m.

Following, the General Manager asked the Board to adopt a resolution commending the Employees of the Month for April 2019, as set forth in agenda item 1. Paul Lloyd, Board Employee, stated these employees were nominated for assisting the Birmingham Fire & Rescue in battling one of the worst fires in recent history in the city. He indicated the employees went above and beyond their duty to maintain water pressure until the fire was extinguished. The General Manager expressed his appreciation for the hard work of these employees. Director Munchus questioned whether it is normal practice to have five different models of fire hydrants in the system. Assistant General Manager Jones stated the hydrant models are based on bid specification by the State of the Alabama.¹² On a motion duly made and seconded, the following resolutions were adopted:

“BE IT RESOLVED By the Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. George Munchus and seconded by Mr. Ronald A. Mims, that the Board hereby recognizes and commends Jason Roden, Tony Williams, Rod Kennedy, Everett Wesley and Kenneth Glover, as the Engineering and Maintenance Division’s Employees of the Month for April 2019, on having achieved outstanding job performance, attendance, and work above expected levels;

BE IT FURTHER RESOLVED, that a copy of this resolution be spread upon the minutes of the Water Works Board of the City of Birmingham and a copy presented to each employee. Resolution No. 8067 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to approve Directors’ actual travel expenses for the 2019 National Forum of Black Public Administrators, as set forth in agenda item 2. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, the Board of Directors has adopted a Travel Expense Reimbursement Policy, as amended; and

WHEREAS, pursuant to Resolution No. 7683 adopted by the Board of Directors on January 16, 2019, approval was given to attend the 2019 National Forum of Black Public Administrators scheduled April 3 – 7, 2019, in Orlando, Florida; and

WHEREAS, in accordance with Act No. 2015-164, approval is requested for the following actual expenses relative to the above-referenced conference.

NOW, THEREFORE, BE IT RESOLVED, on a motion duly made by Mr. George Munchus and seconded by Mr. Brett King, that the following board member(s) be reimbursed for his or her actual expenses pertaining to said conference as follows:

- Ronald A. Mims for total actual expenses including conference registration, airfare, lodging (room and tax only), business meals and other in the amount of \$2,750.75 (as listed on the attached Itemized Travel and Business Expense Reimbursement).
- William R. Muhammad for total actual expenses including conference registration, airfare, lodging (room and tax only), business meals and other in the amount of \$2,854.21 (as listed on the attached Itemized Travel and Business Expense Reimbursement).
- Brenda J. Dickerson for total actual expenses including conference registration, airfare, lodging (room and tax only), business meals and other in the amount of \$2,977.03 (as listed on the attached Itemized Travel and Business Expense Reimbursement).
- Deborah Clark for total actual expenses including conference registration, AmTrak, lodging (room and tax only), business meals and other in the amount of \$3,024.45 (as listed on the attached Itemized Travel and Business Expense Reimbursement).

Resolution No. 8068 is hereby adopted by a roll call vote: Director Alexander, Yes; Director Clark, Yes; Director Dickerson, Yes; Director Burbage, Yes; Director Mims, Abstain; Director Lewis, Yes; Director Munchus, Yes; and Director Muhammad, Yes; and Director King, Yes.”

Following, the General Manager asked the board to approve minutes from Regular Board of Directors' Meetings, as set forth in agenda item 3. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Ronald A. Mims and seconded by Mr. George Munchus, that the Board hereby approves minutes of Regular Board of Directors' Meeting held March 13, 2019; and Special Board of Directors' Meeting held March 19, 2019. Resolution No. 8069 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to approve payments of invoices for professional services, as set forth in agenda items 4.1 through 4.4. The General Manager indicated staff had reviewed the invoices and recommended them for approval. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. George Munchus, and seconded by Mr. Brett King, that the Board hereby authorizes staff to execute payment to the following:

4.1	<u>Dominick Feld Hyde, P.C.</u> BWVB Pension Plan performed March 6 through March 8, 2019	<u>\$ 712.00</u>
4.2	<u>Raftelis Financial Consultants, Inc.</u>	
4.2.1	Professional services related to Data Communication performed March 2019	<u>\$ 580.00</u>
4.2.2	Professional services related to Impact Fee performed March 2019	<u>\$ 691.25</u>
4.2.3	Professional services related to Cost of Service Study performed March 2019	<u>\$ 960.00</u>
4.2.4	Professional services related to Debt Reduction performed March 2019	<u>\$ 1,158.75</u>
4.2.5	Professional services related to Bill Frequency performed March 2019	<u>\$ 2,217.50</u>
4.2.6	Professional services related to Miscellaneous Consulting performed March 2019	<u>\$ 4,373.75</u>
4.3	<u>Parnell Thompson, LLC</u> For professional services rendered for March 2019	<u>\$ 101,016.10</u>
4.4	<u>ARCADIS, U.S.</u> For professional services rendered for February 2019	<u>\$ 242,726.93</u>

Resolution No. 8070 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to approve the issuance of a Request for Proposal (RFP) to implement SAP HR/Payroll, as recommended by the Human Resources

Committee, as set forth in agenda item 5. Director Lewis requested an overview of this item since she was not able to attend the committee meeting. Barry Williams, BWWB employee, stated the plan is to implement the SAP module for Human Resources which would include payroll. This would allow for all data to be on one platform. Director Lewis questioned the cost of the implementation and whether additional employees would be needed. Mr. Williams stated no additional employees would be needed. He indicated the cost is estimated to be \$1.8 million. Director Lewis questioned what the timeline would be for the project and the purpose. Mr. Williams stated the estimate is 14 months to complete the project and stated it will eliminate dual entry in payroll. The General Manager asked Mr. Williams to clarify the cost associated with the project. He stated the \$1.8 million is for this particular module of the project but there is a second piece of the project. Mr. Williams stated the second piece of the project would handle onboarding, recruitment and other items that are not directly related to the processing of payroll. He indicated the implementation team will provide the total cost. The cost presented now is estimated because there are items to be identified in association with the project based on responses to the RFP. He stated a more definitive cost would be available once the RFP has been issued. Director Lewis questioned whether the additional cost would exceed the estimated \$1.8 million. Mr. Williams responded it is not anticipated for the implementation to exceed the \$1.8 million. Director Clark questioned what the timeframe for the total project is. Mr. Williams stated the entire project would be completed in 2020. Director Dickerson questioned whether this would eliminate Ultipro from the system. Mr. Williams responded yes. Director Lewis questioned whether BWWB would still have to pay Ultipro and the General Manager responded no. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. George Munchus and seconded by Dr. Brenda Dickerson, that the Board hereby approves the issuance of a Request for Proposal (RFP) to implement SAP HR/Payroll, as recommended by the Human Resources Committee. Resolution No. 8071 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to approve an amended ARC-Rated (AR) Garments and Personal Protective Equipment Policy (PPE), as recommend by the Human Resources Committee, as set forth in agenda item 6. Director Lewis requested an overview of this item since she was not able to attend the committee meeting. Assistant General Manager Jones stated employees work with high voltage equipment which can create an ARC between the employee and the equipment. He indicated correct clothing protection is needed for employees. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Ronald A. Mims and seconded by Mr. George Munchus, that the Board hereby approves an amended ARC-Rated (AR) Garments and Personal Protective Equipment Policy (PPE), as recommended by the Human Resources Committee. Resolution No. 8072 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to hear Division Reports, as set forth in

agenda item 7. The General Manager presented the Finance and Administration Division report. He stated the number of customers as of March 2019 was 193,057; he reported the total assets are \$1.2 billion; he reported revenue was over budget \$541,000 and under budget \$27,000 in expenses; he reported year-to-date, \$3 million was collected in revenue from Jefferson County. Director Munchus questioned where that cash goes. The General Manager responded the money goes into the operating budget. The General Manager then reported on the monthly Jefferson County billing and collections; he gave an overview of the Large O&M variances through March 2019 where healthcare costs was under budget and there are no large claims pending; he reported contractor charges are a little over budget; paving and power costs are under budget; and chemical costs are over budget due to the treatment of water caused by increased rainfall. The General Manager reported labor costs are \$237,000 under budget and overtime is \$150,000 under budget. He indicated overtime is under the amount budgeted for 2018. Director Mims questioned whether the incident at Shades Mountain Filter Plant affect overtime and the General Manager responded yes. The General Manager then reported on reserve and paygo investments and stated there is \$94 million in the operating account and there is \$95 million in the construction fund. He stated the earnings on the overnight accounts are very good. He then gave an overview of the reserve fund summary and stated there is \$78.6 million in reserves. He stated it is estimated that paygo will be \$31.7 million at the end of the year, which will assist in funding the capital program, with bond funds being used first. He then gave an overview of the debt reduction plan; he reported on HUB participation, indicating 18.49 percent was spent with HUBs; he stated there were 644 employees and 39 vacancies as of March 2019. Director Muhammad questioned whether those vacancies would be filled, and the General Manager responded yes. Director Clark questioned whether these vacancies would be filled due to a need. The General Manager responded if a position can't be justified, it will be eliminated. The General Manager gave an overview of HomeServe's statistics and indicated there at 45,229 active policies. Director Munchus questioned whether any other water system in the State has added HomeServe based on BWWB's endorsement. Assistant General Manager Jones stated Mobile has asked for a recommendation. He indicated BWWB would earn a commission off of Mobile's commission. Director Dickerson questioned where BWWB could earn commission. Assistant General Manager Jones responded Alabama, Georgia, Mississippi and Louisiana. The General Manager then reported on overtime through March 2019 and indicated it was \$150,000 under budget. Director Muhammad questioned whether year end savings in the budget goes towards paygo. The General Manager stated the savings would go to paygo and reserves. He stated the goal for paygo will be met before 2023. Director Alexander questioned whether BWWB advertises HomeServe. Director Clark stated HomeServe was asked to advertise their program more and there needs to be follow up with them.

Following, Assistant General Manager Sonny Jones presented the Operations and Technical Services Division report. Mr. Sonny Jones stated finished water was 100.149 million gallons per day; and raw water was 115 million gallons per day. He then gave an overview of rainfall for the system; storage levels for lakes Purdy and Inland are overflowing; delivery for 2018 versus 2019 year-to-date is 100 MGD; also he gave an overview of raw water customers; power costs are \$40,000 under budget year-to-date; and chemical costs were \$152,000 over budget.

Following, Mr. Jones then presented the Engineering and Maintenance Division Report. He stated \$11.2 million of the \$63 million budget has been spent. He then gave an overview of Capital project highlights. Director Munchus questioned whether the Carson Loop project should be starting soon. Assistant General Manager Jones stated the project is moving a piece at a time. Director Muhammad questioned how long Carson Loop was included as a project and Assistant

General Manager Jones responded since 2000. Director Muhammad responded he feels the project can continue to be delayed. The General Manager stated the purpose of Carson Loop was to ease the supply of water to the southern part of the system. Assistant General Manager Jones then reported System Development replaced 7,169 feet of main year-to-date; and stated 407 leak orders have been completed. Director Munchus questioned the status of Carson Loop Phase 6D. Assistant General Manager Jones responded Carson Loop Phase 8A is more of a priority than Phase 6D; however, Phase 6D has been designed.

Following, the General Manager asked the Board to discuss New Business as set forth in agenda item 8. Director Clark stated Grace Amison, Board Employee, stated in December 2018 that she would retire, and the board needs to look at giving her time to train someone for the Executive Assistant to the Board of Directors position. Director King questioned Ms. Amison if she still planned on retiring this year and Ms. Amison responded yes. Director Clark stated Ms. Amison's date may move up and she doesn't want the board to not have someone in the position who has not been properly trained. Director Mims stated the board would need to determine what the responsibilities are for the position which would dictate grade and pay. Director Alexander indicated time should not be wasted. Director Lewis stated the board could get with Ms. Amison to write a job description. She stated the board needs to decide whether there would be one or two positions. Ms. Amison stated she suggests two positions. Director Alexander requested Ms. Amison provide a job description by the next board meeting. Ms. Amison indicated a job description has already been written. Director Muhammad questioned whether employee's pay for the position would be hidden. Board Attorney Mark Parnell stated employees pay information is public information.

Next, Director Mims stated he would like research to be done regarding per diem. He stated he would like to know if the board is in line with what other companies are paying. Director Muhammad then made a motion to increase the per diem and Director Munchus seconded the motion. A discussion then ensued. The General Manager stated in 2010 the per diem was determined based on the Internal Revenue Service per diem rate. Board Attorney Mark Parnell stated making a motion to increase per diem without knowing the amount the board wants to increase it to, needs to be clarified. A discussion then ensued. Director Lewis stated directors have the option to turn in receipts or take per diem. Director Muhammad clarified his motion to increase the per diem to \$100 per day and Director Munchus seconded the motion. Mr. Parnell questioned Ms. Amison the total cost of per diem. Ms. Amison responded the total cost is \$65 per day. The General Manager stated board and employee travel has always been consistent; therefore, this increase would apply to all travel. Director Muhammad responded not necessarily. A discussion then ensued. Chairman Burbage clarified that he did not hear that the motion applied only to the board. He stated that the per diem should be across the board; therefore, it would be for the board and employees. Director Clark stated she feels more research should be done before changing the per diem amount. Mr. Parnell stated if the board were to raise the per diem \$100 and the IRS says per diem is \$65, he then questioned whether any amount between \$65-\$100 would be taxable. Chairman Burbage stated the IRS states the maximum they would allow for a tax return; however, that doesn't necessarily mean that that would be the amount you could get paid from an employer. He stated the taxable amount could very well be the difference between the two amounts. Mr. Parnell stated it is within the board's purview to modify the amount; however, the prudent thing to do would be to research. Director Muhammad stated he has based on the fact that the per diem has not changed since 2009. Chairman Burbage then called for a vote on the motion. The following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. William Muhammad, and seconded by Mr. George Munchus, that the Board hereby to approve revisions pertaining to the Board of Directors’ and employees’ Travel Reimbursement Policy relative to increasing the daily per diem from \$65 per day to \$100.00 per day.

Resolution No. 8073 is hereby adopted by a roll call vote: Director Alexander, Yes; Director Clark, Abstain; Director Dickerson, Yes; Director Burbage, Yes; Director Mims, Yes; Director Lewis, No; Director Munchus, Yes; and Director Muhammad, Yes; and Director King, No.”

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Next, Director Muhammad made a motion to have a succession plan be drafted within 30 days due to the number of employees that are up for retirement and said plan to be presented to the board and Director Munchus seconded the motion. Chairman Burbage stated a motion had been made and seconded, and he then asked for further discussion. The General Manager stated there is a succession plan in place that identifies who possible successors could be for managers retiring within two years. Director Clark questioned whether there are plans to come up with a comprehensive strategic plan. The General Manager stated he will present a draft of the long-term strategy. Director Lewis stated a new strategic plan needs to be a workshop. Director Muhammad then clarified his motion to state a draft succession plan be presented in 30 days. Director Munchus then seconded the motion. The General Manager stated they would like to make a presentation at the Human Resources Committee meeting regarding the succession plan. Chairman Burbage then called for a vote. The following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. William Muhammad, and seconded by Mr. George Munchus, that the Board hereby requests management to provide and present a draft succession plan to the board within 30 days. Resolution No. 8074 is hereby adopted by unanimous vote.”

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Next, Director Muhammad stated there needs to be cost overrun policy. Director Lewis stated there does need to be a policy on cost overrun on percentage. Assistant General Manager Jones stated it was decided that a presentation was to be made to the Executive Committee and management is currently working on that. He indicated the goal is 5 percent. A discussion then ensued. Director Lewis questioned whether this item should go before the Engineering & Maintenance Committee. Mr. Parnell questioned Ms. Amison whether the board passed a resolution to discuss this item in the Executive Committee and Ms. Amison responded yes.

Next, Director Dickerson requested Chairman Burbage to give the board an update on Polihire. Chairman Burbage then recognized the General Manager to responded to Director Dickerson. The General Manager stated an agreement was finalized with Polihire and they have agreed to find placements within 90 days for the Assistant General Manager positions. He stated Polihire will provide updates to the board. Director Dickerson questioned who would be in the initial meeting. The General Manager responded there will be several meetings; however, the initial meeting would consist of the General Manager, Assistant General Manager Jones and

Managers.

As there was no further business before the Board, Chairman Burbage entertained a motion to adjourn the meeting. A motion was duly made and seconded, and the meeting adjourned at 12:56 p.m.

/s/
William Burbage, Jr.
Chairman/President

Attest:

/s/
Ronald A. Mims
Secretary-Treasurer