

**MINUTES OF THE SPECIAL MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
November 27, 2018**

The special meeting of the directors of The Water Works Board of the City of Birmingham and Public Hearing was held on Tuesday, November 27, 2018 at 12:30 p.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

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

The meeting was also attended by: Mac Underwood, General Manager; Darryl Jones, Michael Johnson and Sonny Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Anitra Hendrix, Executive Assistant to the General Manager; George Anderson, Rick Jackson, Terrell Jones, Derrick Maye, Ben Sorrell, Steve Franks, Rhonda Brooks, John Dansby, Drusilla Hudson, Barry Williams, Paul Lloyd, Geoff Goodwin, Keith Witt, Ike Square, and Rosalind Jones, Board Employees; Mary Thompson, and K. Mark Parnell, Parnell Thompson, LLC; Kelvin Howard, Kelvin Howard, LLC; Dr. Jesse Lewis, Dorian Kendrick and Thomas Pallandino, Agency 54; Patrick Flannelly, and Brian Ruggs, ARCADIS; Peiffer Brandt, Raftelis Financial Consultants; Theo Johnson, Volkert, Inc.; D. Nail, State of Alabama Attorney General; and Kimberly Baylor Bivins, Birmingham Construction Industry Authority.

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

Chairman Alexander called the meeting to order at 12:33 p.m. Mr. George Anderson opened the meeting with prayer.

Following, the General Manager asked the board to discuss the Operating and Maintenance and the Capital budgets for fiscal year 2019 and to consider and approve said budgets, as set forth in agenda item 1. Director Mims made a motion and Director Dickerson seconded the motion. Director King questioned whether the motion was to approve the budgets or to discuss them. A discussion then ensued. The General Manager stated the Operating & Maintenance budget is \$103 million and the Capital budget is \$63.8 million. He stated the directors were provided with a schedule of both budgets. Director Lewis questioned the General Manager whether any changes were made to the budget. The General Manager stated there were no recommended changes to the budget that was presented at the previous meeting. Director Lewis stated there needed to be a discussion regarding longevity pay. Director Clark stated it was her understanding that the Board approve the 2.9 percent COLA and 2 percent Merit and have an addendum to the salary administration plan to give the Board an opportunity to further discuss longevity pay for the first quarter of 2019. She stated this would allow employees to get the COLA and Merit starting in January 2019 and they would receive longevity pay for 2018. Director King stated it was his understanding that if the Board approves the budget, the Board still has the right to look at longevity in early 2019. He then questioned if the Board approves the budget now, will it not give up its authority to look at longevity later. Board Attorney Mark Parnell stated the salary administration plan and longevity are separate policies; however, the Board can look at them in 2019. He stated the Board would not be approving to pay anything, it is approving the budget which can be amended. Director Lewis stated she does not want to tell

employees they will get something and not give it to them. Mr. Parnell clarified if the Board decides to change the policy, it would need to amend the policy and it will only affect the budget. Director Clark stated this would allow the discussion to be had regarding longevity for December 2019 and indicated the 2.9 percent COLA and 2 percent Merit would start in January 2019. The General Manager stated the percentage for Merit is 2.2 percent. He stated the resolution regarding the Merit has not changed and it is the original resolution. Director Clark stated it was her understanding the COLA was 2.9 percent and the Merit was 2 percent. The General Manager stated the percentage for Merit had not changed and it was previously presented at 2.2 percent at meetings held on November 8, 2018 and November 20, 2018. Director Clark stated it was her understanding the Board was staying with the national average of 2 percent. She stated the federal government pay 1.9 percent and UAB pays 2 percent. The General Manager stated the percentage can be changed. Director Lewis questioned whether the Water Watchers and the Tapping Team had been removed from the budget. The General Manager responded no and stated travel was reduced. Director Lewis questioned whether consultants were spoken to regarding their fees. The General Manager responded no and stated most of the consultants recently had renewal agreements. He indicated the major consultants were spoken to. Director Lewis recommended all consultants be examined to make reductions, not just some consultants. She then asked whether the Merit was at 2 or 2.2 percent. Chairman Alexander responded the Merit is at 2.2 percent. Director Lewis questioned the reasoning behind the 2.2 percent if the national average is 2 percent. The General Manager stated employees move through ten steps within their grade. Director Lewis questioned whether the national average was reviewed. The General Manager responded not for the Merit because the Merit determines movement between salary scales for BWWB. He stated an employee that has been in a position for more than 10 years will not receive a Merit. He stated the overall Merit average for BWWB is 2.2 percent of payroll. Director Lewis clarified that some employees will get between 1 and 5 percent for Merit but that average is 2.2 percent. She stated some employees would get 13.9 percent total adjustment of income because of 2.9 percent COLA, 2.2 percent Merit and 6 percent longevity. The General Manager responded no employee will get that much. He stated all employees would get 2.9 percent COLA, employees that have not topped out would receive up to 5 percent for Merit, and regarding the 6 percent longevity employees going from one year to the next their percentage increases by a half of a percent. Director Dickerson questioned whether every employee gets a merit. The General Manager responded no and stated employees working in a position for more than 10 years would not receive a Merit. Director Dickerson questioned why employees get merit raises. The General Manager stated it is the way the salary administration plan is set up. He stated employees that are fully performing on their evaluation will get a merit. Director Dickerson stated an employee fully performing is doing the responsibilities fully laid out in their job description. The General Manager responded yes. Director Dickerson stated she doesn't understand why it is called a merit, that is misleading. The General Manager stated that would have to be reviewed in the salary administration plan. Director Lewis stated the Board would give 2.9 percent COLA and 2.2 percent Merit to employees and the 6 percent Longevity would be reviewed later. Director King stated the budget is subject to the Board's review and possible modification. Director Clark stated she thought the Board was going with 2 percent for Merit to coincide with the national average. Director Burbage stated he doesn't think the 2 percent was ever Merit, he stated 2 percent was COLA. He stated Merits are not a national average, the only thing that is national average is COLA. Director Clark stated she Googled national averages regarding merit, at 2 percent, and COLA, at 2.9 percent. Director Burbage stated the 2.2 percent is the average dollar amount of the gross budget. Director Lewis questioned the percentage of employees that will receive a merit. Paul Lloyd, Board Employee, stated he estimates 100 employees are topped out; therefore, roughly 540 employees would be eligible to receive a merit. Director Lewis stated a little over 400 employees are going through

the step process to receive a merit. Director Dickerson stated she didn't think it should be identified as a merit because that signifies an employee going above and beyond their responsibilities. Director Lewis stated the Board previously had issues regarding the performance review verbiage. She gave the example of a review stating an employee was great because they were on time for work and that should have been considered a part of their job. She stated being on time is not a reason for a merit because an employee is supposed to be on time. Chairman Alexander stated the Enabling Act sets the merit for Jefferson County. Mr. Parnell stated the Enabling Act doesn't have anything to do with salary. He indicated the Board sets the salary plan. Mr. Lloyd stated the merit is performance based; therefore, if an employee receives below expectation or unacceptable an employee would not receive a merit. Director Dickerson questioned whether there is written documentation to show the steps an employee has gone through. Mr. Lloyd responded yes, with performance reviews and they are review annually with employees. Following, on a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, The Water Works Board of the City of Birmingham (the “Board”) properly noticed and conducted a public hearing on Thursday, November 8, 2018, at 5:30 p.m., pursuant to Ala. Code § 11-50-303(c) (1975); and,

WHEREAS, the Board has prepared its 2019 Operating and Maintenance (O&M) Budget with expenditures totaling \$103,000,000.00; and,

WHEREAS, the Board has prepared its Capital Budget for the Board for 2019 in the amount of \$63,893,797.00; and,

WHEREAS, the Board has a policy (Resolution No. 6569, as amended by Resolution No. 7937) that its Capital Improvement Program will reach the target of paying for 50% of its capital projects through cash reserves and paying for 50% of its capital projects through debt financing by 2023.

NOW, THEREFORE, BE IT RESOLVED By the Board, on a motion duly made by Mr. Ronald A. Mims and seconded by Dr. Brenda Dickerson as follows:

1. The Board hereby approves its O & M Budget totaling \$103,000,000.00 for 2019; and,

2. The Board hereby approves its Capital Budget for the Board for 2019 in the amount of \$63,893,797.00; and,

3. In accordance with Ala. Code § 11-50-303(c) (1975) and Resolution No. 4166, which was adopted on December 23, 2003, as amended, (adoption of the Rate Stabilization and Equalization Procedure (RSE Model)), notice is hereby given that approval of the O & M Budget along with the contemporaneous approval of a Capital Budget, and the current PAYGO Policy will result in a rate adjustment of 3.9% and said rate adjustment will be effective January 1, 2019.

Resolution No. 7950* is hereby adopted by Directors Alexander, Clark, Mims, Dickerson, Burbage, King, Munchus and Muhammad voted yes; and Director Lewis voted no.”

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Following, the General Manager recognized speakers. Derrick Maye, Board Employee - Employee Association President, stated the Employee Association would like to have a discussion with the Board regarding longevity. He stated there has been talk of making changes to longevity in the future. He stated longevity is a program used as an incentive to keep employees. He stated he would like to have a town hall meeting with the Board and employees. Mr. Maye thanked the Board for approving the budget.

As there was no further business before the Board, Chairman Alexander entertained a motion to adjourn the meeting. A motion was duly made and seconded, and the meeting adjourned at 1:03 p.m.

/s/

Tommy Joe Alexander
Chairman/President

Attest:

/s/

William Burbage, Jr.
Secretary-Treasurer

*Pursuant to Resolution No. 4985 (adopted February 22, 2007), Resolution Number 7949 was inadvertently omitted from minutes of November 27, 2018 at the time these minutes were formally approved. Therefore, Resolution Number 7950 was assigned to the above resolution in minutes of November 27, 2018.