

**Minutes Of
Human Resources Committee Meeting
Of The Water Works Board
Of The City Of Birmingham
May 23, 2017**

A Human Resources Committee Meeting of The Water Works Board of the City of Birmingham was held on Tuesday, May 23, 2017, at 9:00 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama, 35222, to discuss finance issues.

The following Committee members were present: George Munchus, Ronald A. Mims and Brenda J. Dickerson. Also present were Tommy Joe Alexander, Deborah Clark, Brett A. King, William "Butch" Burbage, Jr. and William R. Muhammad who do not serve on the Committee.

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

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; Grace Amison, Executive Assistant to the Board of Directors; Tammy Wilson, Executive Assistant to T. M. "Sonny" Jones and Darryl R. Jones; Paul Lloyd, Manager of Human Resources; Cherita King, Human Resources Business Partner; Scott Starkey, Security Manager; Isaac Ballard, Birmingham Water Works Board Retiree; K. Mark Parnell and Mary Thompson, Parnell Thompson, LLC; Kelvin Howard, Kelvin Howard, LLC; Bill Bryant, Dominick Feld Hyde, P. C.; Mark Johnson, Eric Moss, Amanda Jones, and Nicole Perry, Creative Benefits Solutions, LLC; Jesse Lewis, Agency 54; City of Birmingham Police Officer.

Director Munchus called the meeting to order at 9:04 a.m.

Following, General Manager, Mac Underwood requested the Committee hear Item 2, a presentation on Birmingham Water Works Board (BWVB) Workforce Demographics, Hiring, Training and Employee Engagement. Human Resources (HR) Manager, Paul Lloyd provided a handout (a copy of which is on file with the Committee Meeting book) to the Committee. Highlights of the Workforce Demographics were covered from Executive through Professional levels. Some discussion occurred surrounding the Black/Asian/Hispanic category, with Mr. Lloyd clarifying that this category is inclusive of all three races. Hiring over the last few years shows: the Black/Asian/Hispanic category consists of 3 Executive level employees, 9 Manager level employees, 34 Supervisor level employees and 34 Professional level employees; the White category consists of 1 Executive level employee, 8 Manager level employees, 33 Supervisor level employees and 23 Professional level employees. Hiring broken out by gender shows; 4 male Executive level employees, 13 male Managers, 52 male

Supervisors and 33 male Professionals; 0 female Executive level employees, 4 female Managers, 15 female Supervisors and 24 female Professionals. Mr. Lloyd stated there is room for improvement in the female manager area, adding that the female Assistant Accounting Manager was recently promoted to Accounting Manager. Most of the operations (hourly) positions in the field are men due to the nature of the work and females not desiring this type of work. Director Munchus asked Mr. Lloyd about the break-out of the Black/Asian/Hispanic category. Mr. Lloyd stated he could say from his memory that most all in the category are Black, there are a few Hispanic and maybe one Asian. Director Munchus asked Mr. Lloyd to break this out for him. Director Muhammad asked if there were any plans for increasing female hiring or female promotions. Mr. Lloyd responded this is something Human Resources will consider for the future. Cherita King, Human Resources Business Partner discussed the BWWB's Hiring Process. Ms. King stated PARFs (Personnel Action Request Forms) are completed prior to jobs being posted. Jobs are posted internally for 6 days and sometimes externally for extended days if necessary. Applications are reviewed and the most qualified candidates are selected for interviews with HR and the hiring Manager and or Supervisor in behavioral based structured interviews. The candidates are rated on an interview rating score sheet. The interview scores are then compiled on a job matrix form which summarizes the scores of the candidates. A request to hire the most qualified candidate is sent via the approval process. There is a line of progression for certain positions in some cases Ms. King stated. Director Dickerson asked if anyone is ever hired without going through this process. Ms. King responded it has happened in the very rare case of a co-op student who did not necessarily have to go through the full hiring process. In the past, has a Board Member asked Staff to hire someone, Director Dickerson asked. GM Underwood stated they have gone through the hiring process if so. GM Underwood asked Mr. Lloyd if he was aware of any instances. Mr. Lloyd stated he could remember an occasion under a past Board, where a Board Member sent someone to the BWWB and we were asked to hire them without going through our normal hiring process. External hires vs internal job postings and promotions for the years 2014 – 2017 were discussed. Director Muhammad asked if some of these issues could be discussed in an Informational Meeting rather than a Committee Meeting because this Committee had already spent 20 minutes on this item. Some more discussion continued regarding promotions by race and gender. Ms. King pointed out that most of the promotions were in the operations area which happens to be where the majority of the BWWB employee base is. Mr. Lloyd pointed out the upward mobility of internal job promotions when compared to external hiring. Under retention and retirement, BWWB maintains very high percentages in retention with 90.4% (2016) being the lowest percentage from 2012 – 2016. The year 2016 was impacted due to the retirement factor with a 3.5% retirement in 2016. The average length employee of service is 12.3 years. Under Training, Mr. Lloyd stated the BWWB had 91 training titles from 2012 – 2016 with 909 training classes provided. A total of 8,601 employees attended training classes over that time. And a total of 71% of employees who completed Leadership Development Programs have been promoted. The revenue generated in external training was \$25,660.00 from 2012 – 2017 YTD. Director Munchus asked if this external training is marketed. Mr. Lloyd stated that Training and Organization Officer, Rhonda Lewis and her team handle the marketing of this external training through flyers and mailouts. Director Alexander suggested

sending mayors of all water systems information on the BWWB external training. Mr. Lloyd quickly went over various areas of class titles and the numbers of employees attending those. A video was shown of the annual “Top 25 Training Awards” in which the BWWB applied and ranked #21 in 2017. One of the things needed to be successful in this event, is to tie training to business successes Mr. Lloyd stated. AGM Michael Johnson explained that Rhonda Lewis works during budget time building her Training Program to focus on big picture goals within the water industry. Director Dickerson asked if Press Releases were sent out following the BWWB receiving these awards. AGM Johnson responded yes. Director Munchus asked GM Underwood when the budget hearings will begin. GM Underwood stated it would be in July when the budget work begins. Director Munchus stated he would like for Staff to limit the workshops to two meetings. GM Underwood stated that the BWWB’s Top 125 Training Award is a major achievement, adding that this is the only thing he tweets on all year. Lastly, Mr. Lloyd spoke on Employee Engagement. An employee engagement survey was recently performed. Being committed to your organization is an important ingredient in employee engagement Mr. Lloyd added. Employee engagement communication meetings were held providing the results of the survey. The overall engagement capital score was 53% which was 7 points under the global benchmark score of 60% which is made up of 300 like-sized organizations from over 20 industries. Managers and employees worked together to develop actions based on the survey results. Employee engagement action plans provided a list of actions developed by employees to increase their engagement within their respective department. All plans were approved by the manager for implementation. The BWWB employee engagement website displays valuable information, increases awareness, shares successes and opportunities and solicits employee opinions and ideas to increase the engagement of BWWB employees. Director Munchus asked if BWWB had filled Marilyn Vertison’s vacant position within the Training Department. Mr. Lloyd stated it had been posted, but not filled yet. Mr. Lloyd stated happier customers equal a stronger value proposition. Employees who are engaged equal happier customers and this increases employee engagement. AGM Michael Johnson stated the survey should result in a more satisfied workforce.

Next, Item 1 was brought before the Committee. GM Underwood asked that the revised travel policy be brought before the full Board to be approved. Attorney Parnell stated there is a change that causes the policy to comply with the new law that expanded the Board that has a specific provision when it comes to additional compensation by a roll call vote each time there is a reimbursement. It also deletes a line that prohibited in-town mileage so that mileage is reimbursable by a roll call vote. Some discussion occurred regarding an individual’s proper tax form filing responsibility in relation to this reimbursement. Director Dickerson inquired about the Board flying first-class on international trips or trips exceeding 5 hours. GM Underwood stated this would be a public relations nightmare. Attorney Thompson stated a while back there were instances of this, but it became an issue. Attorney Thompson said the Board needs to keep in mind that this is public money. Attorney Parnell stated the Board Member could opt to pay the difference of the regular fare and first-class fare. Director Munchus stated he had no objection to the revisions, adding this seemed routine to him. The Committee agreed to move the revised travel policy to the full Board.

Following, item 3 was brought before the Committee. Mark Johnson with Creative Benefits Solutions gave a plan summary overview telling the Committee that current spending aligns with the 2016 projected budget. Inpatient utilization is driving medical costs up Mark Johnson stated and prescription costs continue to trend above benchmarks. The prescription cost is 35% of medical costs. Without the high cost claimant (premature baby), prescription cost is 47% of medical cost. The high cost claimant finished the plan year with \$1.983 million in claims. Total claims from November 2014 to December 2016 amount to \$4.158 million. Retirees over 65 years old are not included in these numbers. Of note, under the Affordable Care Act (ACA), companies were required to remove lifetime maximums and coverage for this high cost claimant could not have been acquired anywhere else prior to the ACA. The expectation is to see costs curbed due to the high cost claimant no longer being in the hospital. Current care is being administered at home however; the claimant could be hospitalized at any point. Employee population health and pharmacy benefit management continue to be the focus. Plan design changes were discussed with no changes from 2016 to 2017 in deductible costs; an increase in out-of-pocket maximums from \$3,500.00 for individuals and \$7,000.00 for families in 2016 to \$5,000.00 for individuals and \$10,000.00 for families in 2017 with no changes in coinsurance, PCP copayments, specialist visits, physician ordered labs and imaging, inpatient hospitalization, J-codes and specialty. Mark Johnson stated Creative Benefits Solutions would present a do-nothing scenario and then offer 2 or 3 other recommendations that would stabilize the BWWB for a longer period of time for 2018. There is a downward trend in actual numbers versus the budgeted amounts. However; the BWWB exceeds the benchmark by 2.33 times with the large claimant and 1.70 times without the large claimant. BWWB members are utilizing the inpatient care setting extensively. A total of 83% of prescriptions for BWWB are generic and we would like to see generic utilization increase to the high 80's and lower 90's. One of the issues the BWWB has is the growing diabetic population. Abacus helps manage and close gaps in the diabetic population. Director Munchus asked how many people were participating in the Abacus approach. Mark Johnson responded that 12 people out of 155 people were active participants. Director Munchus asked how we could encourage more people to participate. Mark Johnson stated it is a voluntary program. A discount program was implemented, Go365, which should help with participation. Health wellness tiers through Go365 were discussed with the first Health Reimbursement Arrangement (HRA) pay out being July 15th. Nicole Perry with Creative Benefits Solutions stated there were about 500 employees registered. Biometrics markers identified 80% of the population are moderate to high risk and the focus on managing health will be paramount for BWWB as we move forward. Biometrics markers also identified 15% of the population are tobacco users. Mark Johnson stated Creative Benefits Solutions can see where the problems are, but it is up to the population to make positive changes. Premature babies cannot be predicted; however, BWWB's Stop-Loss insurance covers those kinds of events. The Next Steps are the first HRA distribution, Phase 2 of population health management strategy, 2-year onsite biometrics, Abacus hypertension solution and Open Enrollment.

Next, item 4 was brought before the Committee. The Committee was asked to move forward with a renewal agreement with Creative Benefits Solutions. The Committee agreed to move the Creative Benefits Solutions agreement forward to the full Board.

Following, item 5 was brought before the Committee. Paul Lloyd addressed the Committee concerning the cost estimation for amending the 24-month rule changes to Amendment One to the Retiree Medical Plan (BWVB) and Retiree Medical Plan (IWB participants). Due to the spousal carve-out, an employee nearing retirement is facing his spouse not being able to be insured under the BWVB Plan. Segal Consulting provided feedback from an actuarial standpoint providing a letter stating that they assume virtually all spouses are covered on the BWVB Plan at retirement. A retired former employee, Isaac Ballard addressed the Committee saying in 2014 when he retired that the medical plan had been amended in 2008 in that if you did not have 25 years of service upon turning 65 you were not eligible for the BWVB medical plan. Note: Mr. Ballard's question relates to Post-65 Retiree Medical Coverage. The Committee is discussing Pre-65 Retiree Medical Coverage; therefore, the Committee is discussing different issues. Director Munchus thanked Mr. Ballard for his input and encouraged him to attend the upcoming retiree luncheon. Director Munchus stated he did not want to move forward on this item without Chairwoman Lewis present. Director Muhammad said why not move it forward and let it be killed in a Board Meeting rather than bring it to another Committee Meeting. Director Clark asked about numbers associated with these actions. Mr. Lloyd explained that Mr. Ballard's issue was separate from the issue being discussed today. Analysis and several changes were made, one of which was if you were not 65 years of age or had 25 years of service at the BWVB on January 1, 2008, you were not eligible for post 65 medical coverage. These changes impacted the un-funded liability greatly from the \$70 million range to the \$30 million range, on the OPEB Plan. GM Underwood stated this related to a financial decision the Board made at that time. A lot of companies do not provide this kind of coverage and after age 65 retirees go on Medicare and Medicaid. Director Munchus asked if this could be re-visited. GM Underwood responded yes, if the Board can come up with the funding for it. Director Muhammad asked if the carve-out was recommended by Staff. GM Underwood stated yes. Letting the spouses' time covered by the employer count toward the 24-month rule is basically what is being asked. Director Muhammad stated he liked the focus group idea. Director Clark asked what the purpose was for making this change. Mr. Lloyd stated there were many unknown variables and scenarios, but ultimately if an employee pays for the plan for a spouse 24-months prior to retirement, spouses are covered under the BWVB medical plan. The Committee agreed to table the item. Paul Lloyd made a clarification regarding Mr. Ballard's concern. Active employees pay a premium rate and then those under age 65 pay a higher premium rate, under the old plan once you reached age 65 you paid no more premium to the BWVB, your drugs were covered and BWVB paid for C-Plus. For that same amount, employees were paying for under age 65 insurance, supplemental plans can be purchased for the same or possibly a lesser amount.

Next, item 6, a request for the Committee to hear an overview of the Human Resource Management Guide and Employee Handbook was agreed upon to reviewed at a

later date. Director Dickerson said this would be helpful to discuss in another Committee Meeting.

Following, item 7, a request for the Committee to discuss the proposal for a Problem Resolution Committee. Director Munchus explained the proposal was brought forward by a Board Member as an option, not a requirement. GM Underwood asked that the item be tabled until Staff is able to look at it in more detail. Staff has concerns about the guidelines. Director Dickerson stated there is some overlap also. Director Munchus asked Staff to include Director Muhammad and Director Dickerson in their deliberations. Paul Lloyd explained that the Human Resource Management Guide goes into more detail and is used for managers and supervisors. Some discussion occurred regarding disciplinary actions and when employees disagree with their manager or supervisor. GM Underwood stated HR handles these instances by interviewing others familiar with the incident. Paul Lloyd stated there have been instances where a manager or supervisor was deemed to be too picky on an action. GM Underwood stated when you are dealing with confidentiality issues there could be problems, so there are many issues to work through. Director Munchus stated trust is an ongoing issue in this organization. Staff does not recommend going forward with this item at this time. With Staff not being ready Director Munchus stated this could be brought to another HR Committee Meeting. Director Clark asked for a copy of the Employee Handbook. Executive Assistant, Grace Amison explained that this document is in Diligent Books. Director Alexander stated employees' information cannot get out to other employees at the risk of being sued. GM Underwood stated to keep in mind that these forms will be subpoenaed on all court cases. Some more discussion took place concerning employees getting involved with other employees' discipline. Attorney Parnell stated there are confidentiality issues and they would need to look into this further. Probably 90% or more EEOC charges are resolved with no cause. This change would make the HR Manager ultimately the decision maker and this is not how the BWB organization is set up. HR investigates, but the corrective action is made by the supervisor or manager, Attorney Thompson stated. Attorney Parnell stated they would like to talk to U. A. B. as they have implemented a similar program.

Next, item 8, a request to discuss approval of Employee Appreciation Day – Fall 2017. Director Munchus asked if the costs were in-line. GM Underwood stated yes and the cost is not to exceed \$12,800.00.

Following, Director Alexander asked about an employee of the year. It was explained that the end of each year, an employee is selected from the group of employees receiving employee of the month during the year.

As there was no further business to be brought before the Committee, a motion was duly made and seconded, and the meeting was adjourned at 11:32 a.m.

/s/

George Munchus, Ph.D.
Director

/s/

Ronald A. Mims
Director

/s/

Brenda J. Dickerson
Director

/s/

Mac Underwood
General Manager