

**MINUTES OF COMMUNICATIONS COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
September 4, 2015**

A Communications Committee meeting of the directors of The Water Works Board of the City of Birmingham was on Friday, September 4, 2015 at 9:00 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: Ronald A. Mims, Kevin B. McKie, Ann D. Florie, George Munchus and Sherry W. Lewis.

Also attending were: Mac Underwood, General Manager; Michael Johnson, Darryl Jones and Sonny Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Anitra Hendrix, Executive Assistant to the General Manager; Mary Thompson, Mark Parnell and Kelvin Howard, Waldrep, Stewart & Kendrick; Dr. Jesse J. Lewis, Dorian Kendrick, Brandon Wilson, Jaquisha Hudson, Alex Joganic, BreAndrea Rudolph and Angela Miller, The Lewis Group; Jerry Jones, ARCADIS, U.S.

General Manager Mac Underwood called the meeting to order at 9:04 a.m. There were five (5) items on the agenda that were reviewed and discussed.

Following, as there were no items under the first item on the agenda, Old Business, the General Manager stated the H2O Foundation's golf tournament would be held September 11, 2015 at Oxmoor Valley golf course.

Next, the committee moved to the second item on the agenda, Request Committee to Discuss Annual Communication Plan. The General Manager presented the Committee with a handout regarding the Communication Initiatives and Governmental Affairs. A copy of the handout is on file with said meeting book. He gave an overview of annual communication initiatives held annually, quarterly and monthly. He stated BWWB TV is used to communicate with employees on various subjects such as benefits. Director Mims questioned who is updating BWWB TV. Assistant General Manager Michael Johnson responded Victoria Damsgard. Director Munchus questioned whether MessagePoint Media is still under contract with the board. The General Manager responded yes. Director Florie questioned how long MessagePoint Media's contract with the board is. Mr. Johnson stated he was not sure of the length of the contract; however, the clause "option to renew" was included in the contract at the board's request. Director Florie questioned staff whether they are pleased with the effectiveness of BWWB TV. Mr. Johnson responded yes. The General Manager stated he is pleased that employees receive updates regarding benefit changes and other information monthly. He stated he is pleased.

The General Manager stated the Water Current newsletter is published monthly and bill inserts are issued on a quarterly basis. He stated Fix-A-Leak week and legislative meetings are held in February. He stated he feels it is important to continue to have the legislative meetings. He stated the various programs handled throughout the year by BWWB: National Drinking Water Week is held in May; the Consumer Confidence Report is issued annually; the Young Water Ambassadors program is held June-August; Customer Service Week is held in October; the Wonderful Works of Water school program is held September-May; and the Academies'

program is held October-November. Director McKie questioned what the difference between the Wonderful Works of Water and the Academies' programs is. The General Manager stated the Wonderful Works of Water program was created by BWWB and is used to educate elementary students in grades 3-5. He stated the Academies' program was created by Birmingham City Schools and it caters to high school students. He stated BWWB hosts 70 students in various fields from engineering to accounting. Director McKie questioned what are some activities held during Customer Service Week. Mr. Johnson stated customers are provided with information regarding each department under BWWB. He stated customers are educated on topics such as how to read their meter, how to handle a high bill, and flushing. He stated employees are provided training to improve their customer service skills. The General Manager stated BWWB is now required to have a public hearing on the annual budget. He stated the public must be notified 30 days prior to the date of the public hearing meeting. Director Munchus questioned whether the meetings are held prior to the legislative session starts. The General Manager stated meetings have been held in January and February before the session starts. He clarified that it is not a legislative meeting but a meeting regarding BWWB's performance for the previous year. Director Munchus questioned whether there are any follow up meetings with legislation. The General Manager stated there are meetings held throughout the year. He stated staff attends meetings with the Jefferson County Firefighters' Association and the Mayors' Association. He stated executive management is in contact with the mayors and county commissions that BWWB serves at least on a quarterly basis. He stated wholesale customers are met with monthly. Director Florie questioned how many wholesale customers BWWB has. Assistant General Manager Darryl Jones stated there are five. Director Florie suggested staff meet with the CEOs of its raw water customers. The General Manager stated meetings are held with the raw water customers with their CEO having been invited and they do not attend. Director Florie stated a meeting should be scheduled one on one with the CEO. The General Manager stated that kind of meeting could be held. He stated the experience has been the CEOs do not meet with BWWB unless there is an issue or concern with water. Assistant General Manager Darryl Jones stated as long as BWWB delivers good service, there is not an issue with wholesale or raw water customers. Director Munchus stated he feels wholesale and raw water customers could be offered a discount. The General Manager stated large industrial customers may inform BWWB staff when a change needs to be made to the production, which may result in a reduction in their consumption and production costs. Directors Mims and Munchus left the meeting at 9:23 a.m.

Next, the General Manager stated municipalities are notified and met with regarding System Development projects. He stated there are events held in the community which may require a representative from BWWB and/or request for water. Director McKie questioned whether staff looks for events to participate in or is it by request. The General Manager stated BWWB receives requests. He stated most community events are held in the evenings or on weekends which would result in employees being paid overtime. He stated there are several employees involved in various organizations in the community. Director McKie stated he does not feel BWWB should passively wait for opportunities to present themselves. Director Munchus returned to the meeting at 9:25 a.m. The General Manager stated BWWB receives requests for monetary donations; however, those requests cannot be honored based on a mandate from the Attorney General. Director McKie stated employees can submit community events they may be aware of that BWWB can participate in. Next, the General Manager gave an overview of the Communication Initiative Cost. He stated the total budget for Communications is \$740,600.00. He stated this amount is a work in progress because the 2016 budget is still

being prepared. He then gave an overview of costs. Director Munchus questioned whether the costs were actual numbers from 2015 or estimated numbers for 2016. The General Manager stated the costs are estimated based on budgets in the past. Director Florie questioned whether the costs associated with governmental affairs, community involvement, general annual communication and annual communication initiatives are included in the \$740,600.00 budget. The General Manager responded yes. Director Florie questioned whether items are analyzed for effectiveness versus cost. The General Manager stated there are items required by law and other items that are good for BWWB. He stated reductions in the budget are made where necessary such as the amount of bill inserts produced has been reduced. Director Florie stated she feels some items should be examined to determine whether they should be done every year. The General Manager stated that there are two Communication Specialist positions currently open but they do not necessarily have to be filled at this time. He stated one of the positions may be deleted. Director Munchus questioned whether there is any one functioning in the Communication Specialist position or whether the activity itself is being handled by other people. The General Manager stated the activity is being handled by Anitra Hendrix, Board Employee, The Lewis Group and executive management. Director Munchus clarified the activity is being handled in addition to the other responsibilities and duties of the employees' regular jobs. The General Manager responded yes. He stated prior to the Communication Specialist being filled in 2007; Communication was handled by executive management and designated department managers. He stated that practice has been currently resorted back to. Director Florie questioned whether one Communication Specialist position will be held as a placeholder. The General Manager responded yes and stated the budget will be presented with a list of deleted and added positions.

Following, the Committee moved to the third item on the agenda, Request Committee to Discuss Annual Communication Budget. The General Manager gave an overview of the line items budgeted for Communications. He stated the budget covers office supplies, which includes giveaways, Willie Water Drop supplies, employee engagement, BWWB TV, Wonderful Works of Water, and bill inserts. He stated there are placeholders for advertising in the budget. He stated the only change to the budget at this time may be for the Communications Specialist position. Director McKie questioned whether the change would be in regards to having one Communications Specialist. The General Manager responded yes. Director Munchus stated he would like the Communications general program to continue because he receives positive feedback from the community.

Following, the Committee moved to the fourth item on the agenda, Request Committee to Discuss Leak Orders and Communication of Outstanding and Completed Orders. The General Manager presented the Committee with a handout. A copy of the handout is on file with said meeting book. Director Munchus questioned whether BWWB's core business is repairing leaks. The General Manager stated BWWB's core competency is treating and providing water. He stated in order to do that leaks must be repaired. He then gave an overview of leak reporting. He stated the Customer Service department receives the initial complaint regarding a leak. He stated the Customer Service Representative will input the leak in SAP. He stated a leak notification is sent to the Distribution department. He stated the Distribution department will pin point the leak on a map. He indicated the Distribution department will request a line locator, which has 48 hours to locate the line. He stated you cannot dig without knowing the exact location of the leak. He stated the leak is then assigned to a leak crew. He stated emergency leaks are repaired same

day. He stated leaks are prioritized by main breaks and out of water breaks. Assistant General Manager Darryl Jones stated a line locator is used to identify all utilities, power, gas and fiber optics. He indicated none of these lines can be damaged when repairing a leak. He stated this contributes to keeping costs down and increases safety. The General Manager stated the workload determines the priority of repairing leaks. Director Lewis stated the issue is customers are not aware of the process. The General Manager stated some leaks can be several days old; however, a customer is not out of service. Director Florie questioned whether there is need for more leak repair crews. Assistant General Manager Sonny Jones stated by the end of 60 days leaks should be repaired. He stated the Distribution department is staffed to accomplish that. He stated it will take more people to be able to accomplish that faster. He stated there are 14 crews to cover 6,000 miles of pipe. He stated the annual average of downtime is 15 percent which includes time off for vacation, holiday, sick leave, family leave and job injury. Director Munchus questioned if more crews are needed. Mr. Sonny Jones stated we should be able to quantify the leaks by type, severity, age and location. He stated there are few breaks in the system; however, there are leaks and there is a big difference between the two. Director Munchus questioned what would be the cost to bring the crew number up to 20. Mr. Sonny Jones stated it would cost \$45,000 per person on a crew. He indicated he would also need additional valve crews to assist with the work. The General Manager stated there has been discussion about increasing the crews for several years. He stated there have not been enough funds allocated to line replacement. He stated the Segal Company conducted an evaluation on the Distribution Department which said BWW has 400-500 leaks per month compared to the industry having 200 leaks per month. He stated the leaks are due to the lines not being replaced. He stated in order to reduce the leaks more pipe need to be replaced. He stated more crews can be added but this will not reduce operating costs. Director Lewis stated she feels the issue is communication with BWW customers. She stated customers are not aware of how long it will take for a leak to be repaired. She indicated there needs to be a system in place to inform customers. Assistant General Manager Darryl Jones stated customers whose water is out of service is repaired in one day. Director Lewis stated customers are aware when leaks are not repaired and should be informed of how long it will take to repair a leak. She stated if the repair will take longer than previously expected; the customer should be notified of that change as well. She stated we need to have more automated calls to communicate with customers. Mr. Sonny Jones stated there can be a new patch on the road with water on top of it and customers will think BWW did not fix the leak. He stated a leak acts as a small, temporary pressure reducer in pipe. He stated the leak is repaired at an average cost of \$1000-\$1500. He stated the pressure will rise in the pipe again and it will snap a few days later 5 to 6 feet away from where the last leak was repaired. Director Lewis stated customers are not aware of pressure in pipes or the age of pipes. She indicated customers simply need to be informed when the leaks will be repaired. The General Manager stated a plan will be devised. Director McKie stated he agreed with Director Lewis and stated customers must be informed. Director Munchus questioned what the more important leak is. Mr. Sonny Jones stated there are four types of leaks: 1) main break – A customer is out of water, traffic must be interrupted, significant property damage must occur, and the health, safety and welfare of the public must be in jeopardy, 2) distribution leak, 3) service line leak, and 4) meter box leak. Director Munchus questioned which of those leaks BWW mainly deals with. Mr. Sonny Jones responded all of them. He stated these crews work to not only repair pipe but to replace it. Director Florie stated she would rather add more crews and cut some other BWW interests. She stated a solution needs to be created for this problem. Director Florie stated the budget may need to be shifted in certain areas to add funds to help with the solution to this problem. She stated

there has always been some defensiveness and resistance whenever this topic comes up for conversation. She stated she is not interested in blaming anyone rather a solution needs to be found for the problem. The General Manager stated work has been done to try to keep the budget and rate increases down without adding more employees; however, a solution would be found. Director Munchus questioned whether the on-call contractors could assist in repairing leaks. Mr. Sonny Jones stated there was a request from the board to reduce the on-call contractor costs and they have been reduced to being used 17 times per month. He stated those crews are saved for the large main breaks on the weekends. Director Munchus questioned whether additional funds should be allocated to the on-call contractors' budget. Director Florie suggested getting a resolution for the communication with customers. She stated the break downs within the system need to be identified and addressed.

Subsequently, Jerry Jones, ARCADIS, U.S., gave an overview of SAP improvements that will assist in repairing leaks. He stated all disconnects in the OTIS program will go to SAP - Phase 2. He stated currently all leaks reported over the weekend through SCADA will be eliminated in SAP - Phase 2. Director Florie questioned what the plan is until that occurs. Mr. Jerry Jones stated the system is in place and works perfectly; however, there are issues internally. The General Manager stated staff's analysis of leaks not being reported was due to SCADA operating on a manual program and not inputting the leaks in the SAP leak notification system. He stated the issue is not due to system error; however, it is due to human error. He stated these instances are sporadic. He stated the interim solution is to have Distribution review old, outstanding leaks every seven (7) days and move them to the top of the list. Director Lewis questioned whether the leaks can be color coded to assist in the notification. Mr. Jerry Jones stated the system currently has that option. The General Manager presented the Committee with a handout regarding the leak order process. A copy of the handout is on file with said meeting book. Director Munchus questioned whether the process referenced in said handout is currently in place. Mr. Jerry Jones stated the process is currently being put in place.

Following, the Committee moved to the fifth item on the agenda, Request Committee to hear a presentation from The Lewis Group. The General Manager recognized Brandon Wilson and Dorian Kendrick to make the presentation. Mr. Wilson then recognized the staff of The Lewis Group. He gave an overview of the items that would be discussed in the presentation. Ms. Kendrick stated the goal is to streamline communications through one central theme. She stated the theme will convey transparency, a continuous message to highlight BWB's mission. She indicated the goal is to actively engage customers through utilizing multimedia platforms through traditional avenues of television, radio and print as well as through social media and digital marketing. Ms. Kendrick stated the goal is to improve the BWB brand by conducting pre/post community surveys and focus groups. She stated the strategy is to engage customers by communicating a concise message through an ongoing campaign that should be implemented October 1, 2015. Ms. Kendrick stated it will be imperative to focus on the strengths of BWB such as being one of the top five water systems in the nation. She stated research has shown reliable, high quality products are important to customer satisfaction. She stated the BWB brand needs to be repositioned. Director Lewis stated she believes the message is being confused regarding BWB being one of the top five water systems in the country. She stated BWB is one of the top five water systems but it is not ranked number five. She indicated that message should be readdressed. Mr. Wilson stated there will be a single declaration for that message. He stated the phrase "Pure Quality" should be associated with BWB.

Following, Ms. Kendrick stated BWWB has time periods it can capitalize on through the year for advertising. These include: Fix A Leak Week, National Drinking Water Week, Customer Service Week, H2O Foundation Golf Tournament, etc. She stated the goal is to coordinate the key media messages by having a budget of \$41,500 per quarter towards marketing. She indicated the funds are available in the budget for advertising in the following allotments: 37 percent towards television, 16 percent towards digital and printing, 14 percent towards social media and 17 percent towards radio. Ms. Kendrick stated the reason a large percent of the funds would go towards television is due to advertising costs of \$2,000.00 for a 30 second commercial. She indicated customers need to be reached by BWB's prime messages. Director McKie questioned whether the \$15,000 allocated quarterly for television covers production and airtime. Ms. Kendrick responded that it would cover airtime and production would be an additional cost of around \$3,000. Director Florie questioned whether the \$160,000 that this refers to is included in the budget. The General Manager responded it is not presently included. Director Florie questioned whether the costs presented are reflected in the budget. Ms. Kendrick responded no. Director McKie questioned whether all of the quarterly numbers for digital, radio, social media and television advertising is strictly for the cost of airtime and has nothing to do with the production. Mr. Wilson responded yes. He indicated this is a recommended budget and it may not be expended every quarter. Director McKie stated it would be hard to look at the numbers without having an idea of what the production costs would be. Ms. Kendrick stated the digital and print advertising are produced in-house at The Lewis Group. She stated the video production would be the only advertising that would be outsourced. Director McKie questioned what would billboard advertising be categorized as. Ms. Kendrick responded it could be categorized as digital advertising. The General Manager stated BWWB used billboard advertising several years ago and the feedback wasn't all positive. He stated it depends on the message the board wants to convey. A discussion then ensued. Following, Ms. Kendrick then gave an overview of the BWWB programs that are highlighted throughout the year via advertising. Mr. Wilson indicated BWWB programs have been highlighted for several years and that this plan is nothing new. He stated a framework can be created for BWWB's marketing seasons.

Subsequently, Mr. Wilson stated The Lewis Group has recommendations regarding increasing minority participation. He stated there is a need for an in-house database and this database could be made available on the BWWB website. Mr. Wilson stated there is a need for a media relations policy. He stated several utility systems' media relations policies were reviewed. He stated it is not out of the ordinary for an organization to say they will acknowledge all media requests within 24 hours. He stated currently there is no statement saying a media request has been received. Mr. Wilson stated a media relations handbook should be put in place to cover broadcast media and social media. Director McKie questioned whether media requests will be fulfilled within 24 hours. The General Manager responded media requests will be acknowledged as being received within 24 hours. It depends on the content of the request as to how long it will take to respond. Director McKie questioned whether staff can inform the requestor of how long it will take to fulfill their request. Director Florie questioned whether there is a formal policy to approve. The General Manager responded no. Director Florie stated she thought there was a policy. The General Manager stated the policy is still being drafted. Director Florie requested that a policy be drafted and brought back to the committee for recommendation to the board. The General Manager stated the nature of the request would determine the response time. He then gave an example of a request to review a consultant's bill for six months. He stated those bills

are on site; however, if they would like to review a bill for three years those files would need to be retrieved offsite. Director McKie stated the requestor should be informed of how long it will take to fulfill the request. Dr. Jesse Lewis stated he agrees with informing the requestor that their request has been received and notifying them of how long it will take to process the request. He stated if additional time is needed to honor the request, staff should notify the requestor. Director Florie requested a copy of the media policy that was drafted a few months ago. The General Manager stated the media policy was discussed; however, a policy was not drafted. He indicated a policy would be drafted. Director McKie stated he saw in a previous presentation information regarding quality tips and questioned whether those would be included in the communication plan. Mr. Wilson stated in working with branding the "Pure Quality" theme, it is recommended to have a quality tips execution. He stated there is an online video with BWWB employees giving tips on how to avoid leaks. He stated these videos will be displayed on BWWB TV. Director Lewis questioned who is going to monitor social media. Mr. Wilson responded The Lewis Group's social media coordinator could manage social media for BWWB. Board Attorney Mary Thompson stated the board will need a social media policy. Director McKie stated leaks can be sent out via Twitter. He stated someone would need to monitor Twitter regularly. He stated tips also can be tweeted such as how to locate a leak. Assistant General Manager Michael Johnson stated vital information needs to be communicated digitally. Director Florie stated she feels bill inserts are a waste. The General Manager stated a decision can be made regarding the dissolution of bill inserts. A discussion then ensued. Director Florie questioned when the media relations policy and the social media policy would be available for review. The General Manager stated a media policy can be ready next week. Director Munchus questioned whether the social media policy has implications for employee activity and behavior. Ms. Thompson stated you don't want employees posting a message that will damage the BWWB reputation. Mr. Wilson stated The Lewis Group has the ability to manage all aspects of marketing in-house, with the exception of video production. Director Florie stated she likes the "Pure Quality" message but she is unsure as to how to proceed. The General Manager stated the information presented is for review and the committee can decide what it wants to approve.

Next, Assistant General Manager Michael Johnson presented the committee with the proposed dates to meet regarding the budget for 2016. He stated the goal is to have the budget approved by late November. He then gave an overview of the dates to review the budget and approve it. The General Manager stated the budget is approved before December 1st each year so BWWB customers can be notified 30 days in advance of rate increase going into effect. He stated new legislation requires BWWB to hold a public hearing with 30 days' notice of the public hearing. He stated there should be enough time between the meeting dates for the public hearing and approval of the budget. Director McKie questioned what the guidelines for notifying the public are. Board Attorney Mark Parnell stated the notification can be sent out in the same fashion as the current procedure for the board of directors' and committee meetings. He stated the RSE model requires the budget be approved by a certain date and it is pushed back every year. He stated this may need to be amended permanently. Mr. Parnell indicated the law needs to be reviewed for clarity regarding the vote for rate increases. The General Manager stated a rate increase is not approved; however, the budget is approved which drives the rate increase. Director McKie questioned the time estimate for the initial presentation regarding the budget. Mr. Johnson responded the meeting is typically an hour. The General Manager stated the budget presentation will be narrowed down to a few items that are contributing to increases. He stated there are some items in the budget that will remain the same or will decrease in cost.

He stated there are items that are increasing beyond staff's control and details regarding those items will be presented. He stated the major driver for the budget is healthcare costs. Director Munchus questioned whether staff has had the best negotiation possible with the proposed vendor regarding health cost. The General Manager stated BWWB is self-insured, so it pays its claims. He stated a couple of options for health insurance will be presented next week. Assistant General Manager Michael Johnson stated each respondent was asked to give their best and final offer. He indicated communication with the respondents was more than once.

As there was no further business before the Committee, a motion was duly made and seconded, and the meeting was adjourned at 10:58 a.m.

_____/s/
Mac Underwood
General Manager

_____/s/
Mr. Kevin B. McKie
First Vice-Chairman/First Vice President

_____/s/
Mrs. Ann D. Florie
Second Vice Chairman/Second Vice President