

*INLAND LAKE*

**FY2024 PUBLIC HEARING**

**November 6, 2023**

[WWW.BWWB.ORG](http://WWW.BWWB.ORG)

**BIRMINGHAM  
WATER WORKS**

# PURPOSE

Pursuant to Ala. Code § 11-50-303(c)(1975), the BWWB is holding a public hearing to consider action consistent with Resolution No. 4166 which was adopted on December 22, 2003, as amended, (i.e., adoption of the Rate Stabilization and Equalization Procedure (RSE Model) that determines whether a rate increase may be required.

# Birmingham Water Works Board Leadership

## Board Members

- |                                     |                               |
|-------------------------------------|-------------------------------|
| • Tereshia Huffman                  | Chairwoman                    |
| • William “Butch” Burbage, Jr., CPA | Vice-Chairman                 |
| • Vacant                            | Second Vice-Chairman          |
| • Larry Ward                        | Secretary-Treasurer           |
| • Dalton NeSmith, Esq.              | Assistant Secretary-Treasurer |
| • Lucien Blankenship, Esq.          | Director                      |
| • Tom Henderson                     | Director                      |
| • George Munchus, Ph.D.             | Director                      |
| • MaShonda Taylor                   | Director                      |

## Executive Management

- |                             |  |
|-----------------------------|--|
| • Michael Johnson, MBA, CPA | General Manager                                      |
| • Iris Fisher, MAc, CPA     | Assistant General Manager, Finance & Administration  |
| • Derrick Murphy, MEng      | Assistant General Manager, Engineering & Maintenance |

# TOWN HALL MEETINGS

- Tuesday, October 17<sup>th</sup> at 5:30 P.M. at Birmingham Crossplex
- Thursday, October 19<sup>th</sup> at 5:30 P.M. at Aldridge Gardens

# AGENDA

- Welcome
- BWWB Today
- Securing Our Water Future
  - Investing in our system
- 2024 Water Rate Components
  - Operations & Maintenance Budget
  - Capital Budget
  - Water Demand Projections
- Proposed 2024 Water Rates
  - Rate Increase Trends
  - Impacts to Customer Bills
- Public Comments
- Closing Remarks



# Birmingham Water Works Today



# BWWB STRATEGIC FRAMEWORK 2022-2026

## Vision

Nationally recognized for local excellence in water quality and service delivery.

## Mission

BWWB is committed to providing reliable, equitable, cost-effective delivery of high-quality water and services while protecting public health and environmental resources for current and future generations.

## Values

BWWB invests in and proactively manages the reliable, resilient, and sustainable infrastructure necessary to support regional water resource needs.



Product  
Quality



Customer  
Satisfaction



Workforce  
Development



Infrastructure  
Stability



Financial  
Viability



Effective  
Governance

## GOALS

Specific strategies and measurable objectives correspond to goals for each area.

Carson



Shades



# Water System Overview



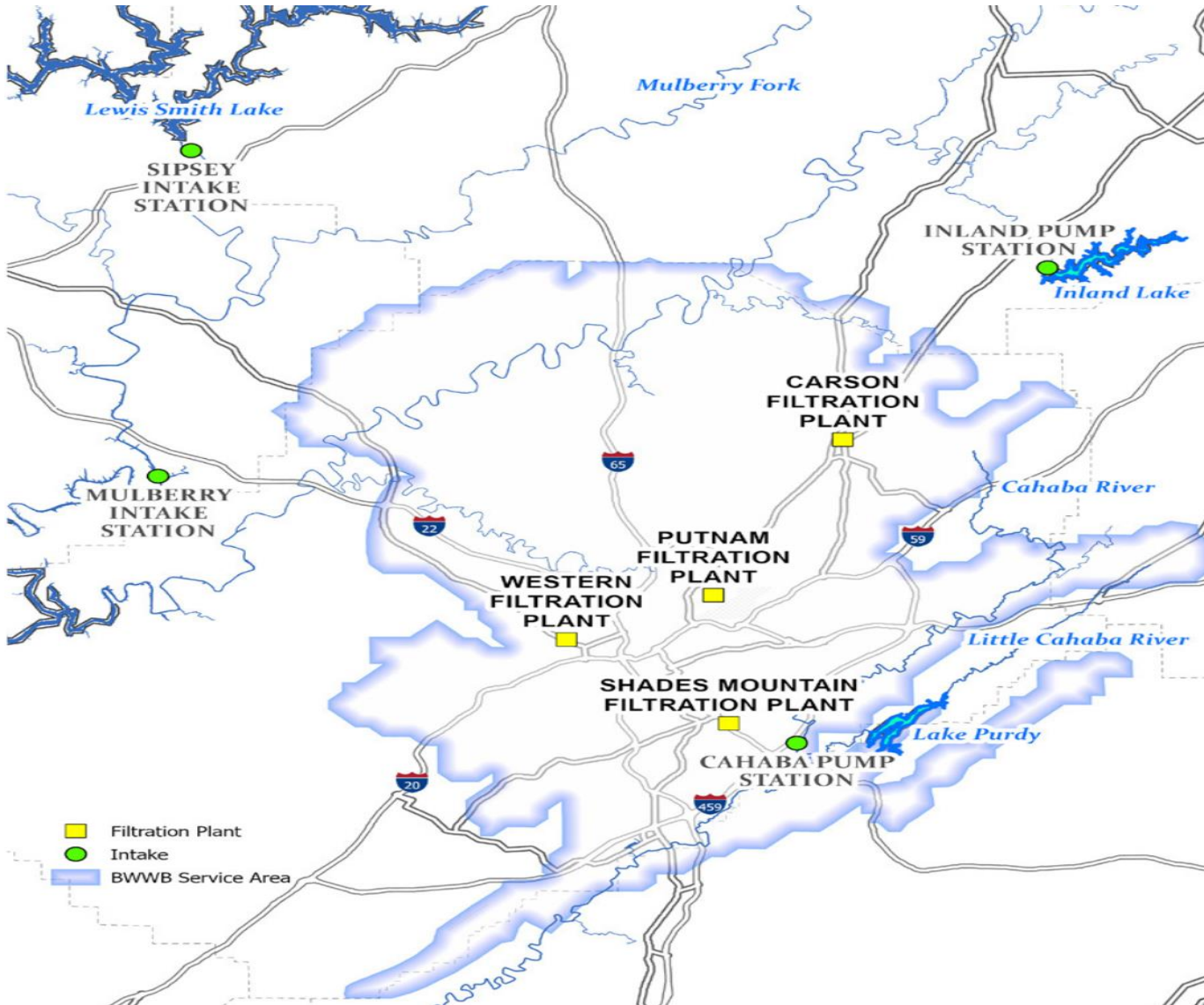
Western



Putnam



# RAW & FINISHED WATER SYSTEM



## BWWB WATER SOURCES

- Black Warrior Basin
- Sipsey Fork
- Mulberry Fork
- Inland Lake/Blackburn Fork
- Cahaba Basin
- Cahaba River
- Little Cahaba River
- Lake Purdy

# SYSTEM FACTS



Sufficient supply  
through 2050

We serve more  
than 770,000  
people

700 square-mile  
service area

Water delivered to  
customers via  
4,000 miles of  
transmission lines

Major sources of  
water supply - the  
Black Warrior and  
Cahaba Basins

Not a single water  
quality violation in  
over 50 years

# Securing Our Water Future

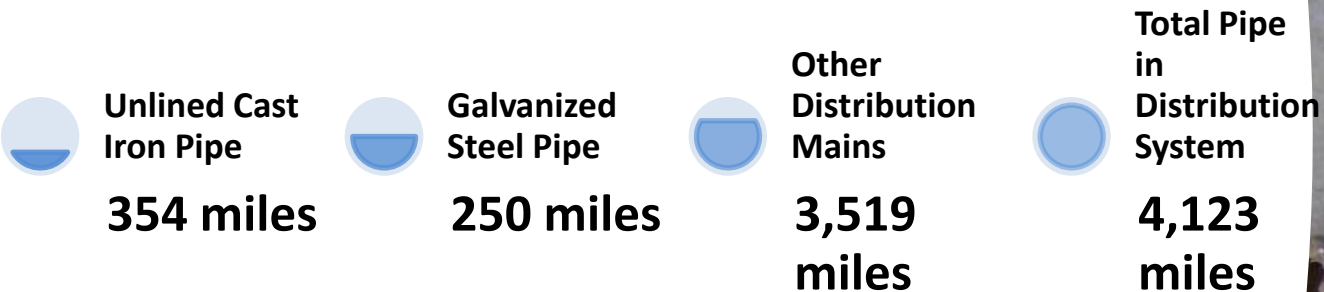


# Securing our Water Future

- There are over 100 water infrastructure projects identified in our 5-year capital improvement plan.
- The 5-year capital improvement plan will require a \$451 million in investments in filter plants, raw water and drinking water infrastructure, dam rehabilitation, information technology, Advanced Metering Infrastructure (AMI), security and planned maintenance and repair.
- The Birmingham Water Works' top infrastructure initiative is its Pipeline Replacement Program. The program's objective is to replace aged galvanized steel and unlined cast iron pipe.



# Leakage is driven by Galvanized Steel and Unlined Cast Iron Pipes



- ✓ ***Galvanized Steel Pipe and Unlined Cast Iron Pipe account for only 14.6% of the system***
- ✓ **Galvanized Steel Pipe and Unlined Cast Iron Pipe Account for 67% of our Maintenance Activity**



# Capital Planning Strategy

## Capital Program

## Risk Reduction and Resilience Improvements (Sodium Hypochlorite )

- Shades Mountain Filter Plant
- Western Filter Plant
- Putnam Filter Plant
- Carson Filter Plant

Relining Existing Tanks  
Bid Phase Start: 2024  
Design Start: 3<sup>rd</sup> Quarter 2024  
Design Schedule in 2025

## Filter Rehab at Water Treatment Plants – Regulatory Requirements and Maintenance Replacement Needs

- Putnam Filter Plant
- Western Filter Plant
- Shade Mountain Filter Plant
- Carson Filter Plant

Completed  
Completed  
Construction Completion: 2023  
Scheduled in 2026



# Capital Planning Strategy

## Water System Supply Reliability – Drought Mitigation and Risk Management

- Carson Loop
  - ❖ Phases 1 through Phase 5 Completed
  - ❖ Phase 6 A through C Completed
  - ❖ Phase 6D Construction Phase
  - ❖ Phase 8 A through G Completed
- Distribution Study Projects (Kiowa Road) Bid Opening: October 4, 2023
- Inland Lake Raw Water Line Renewal Continual
- ALDOT Road Projects- First Avenue North Pending

## Dam Rehabilitations – Risk Management & Replacement

- South Dam Completed
- Lake Purdy Request for Qualifications: Completed  
Bid Phase: 2024 (Pending USFWS FY2023)
- Inland Lake Completed



# 2024 Water Rate Components





# Water Rates Pay for More than Water

Water Treatment



Pipeline Maintenance



Water Quality Testing



Water Storage



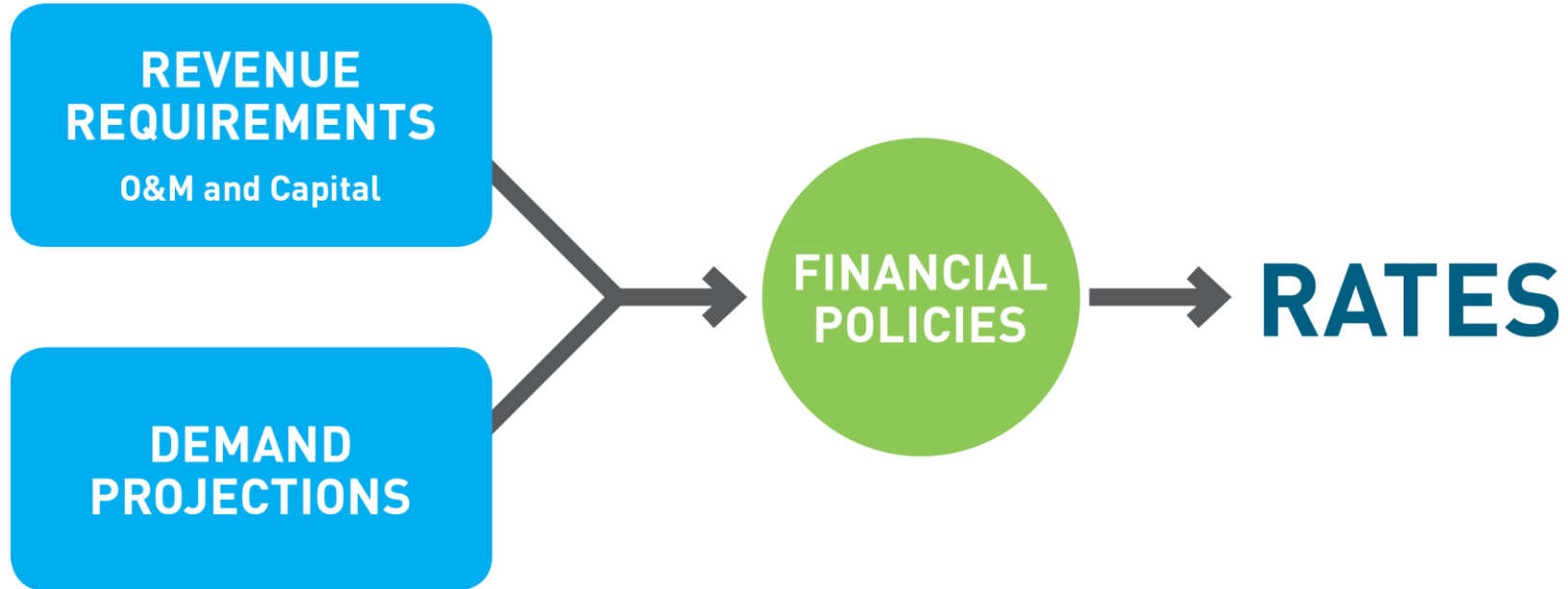
Fire Protection



Meter Maintenance & Billing



# RATE SETTING OVERVIEW



# RECOMMENDED O&M BUDGET

2023 APPROVED

**\$125,304,575**

2024 PROPOSED

**\$133,432,098**

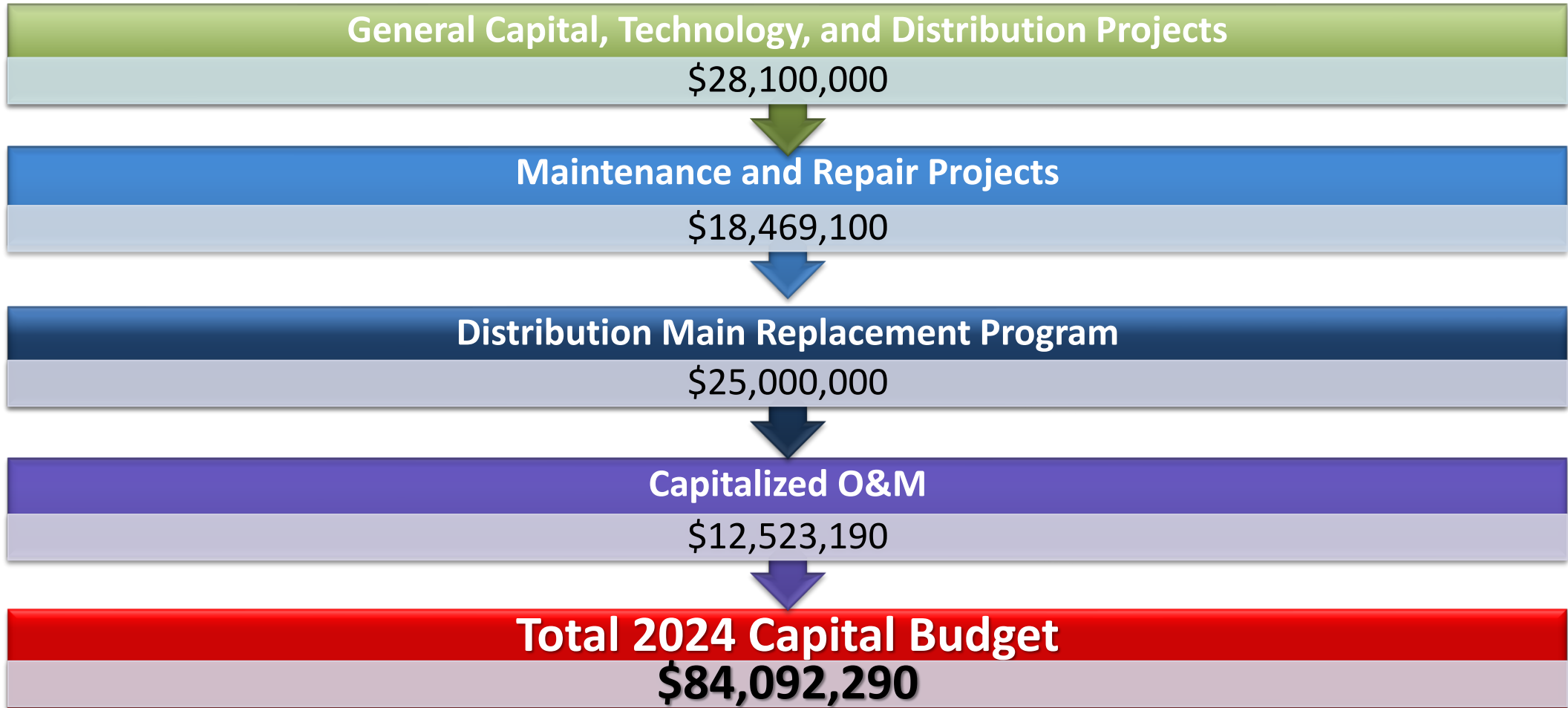
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**6.49% INCREASE**

# FY2024 PROPOSED O&M BUDGET

CATEGORY	FY2024	FY2023	INCREASE (DECREASE)	PERCENT CHANGE
Labor	\$ 48,390,397.06	\$ 43,579,983.20	\$ 4,810,413.86	11.04%
Employee Related Expenses	17,530,588.03	17,480,852.58	49,735.45	0.28%
Power	12,407,563.50	11,185,000.00	1,222,563.50	10.93%
Transmission and Distribution Maintenance Materials	9,594,448.24	9,437,257.24	157,191.00	1.67%
License Fees	4,993,727.00	4,835,000.00	158,727.00	3.28%
Chemicals	9,381,539.60	9,115,231.80	266,307.80	2.92%
Legal	1,159,704.00	1,159,704.00	-	0.00%
Lab Support, Purification Maintenance	2,198,702.40	2,089,128.00	109,574.40	5.24%
Outsourced Security	1,904,997.16	1,769,374.80	135,622.36	7.66%
Insurance	3,739,730.16	3,091,598.69	648,131.47	20.96%
Electrial/Pump Maintenance	495,700.00	516,800.00	(21,100.00)	-4.08%
Billing Expense	1,200,000.00	1,115,000.00	85,000.00	7.62%
Other Operation & Maintenance Expenses	15,642,718.35	15,376,109.91	266,608.44	1.73%
Consultants	4,792,282.29	4,553,534.64	238,747.65	5.24%
<b>Total Operation &amp; Maintenance Expenses</b>	<b>\$ 133,432,097.79</b>	<b>\$ 125,304,574.86</b>	<b>\$ 8,127,522.93</b>	<b>6.49%</b>

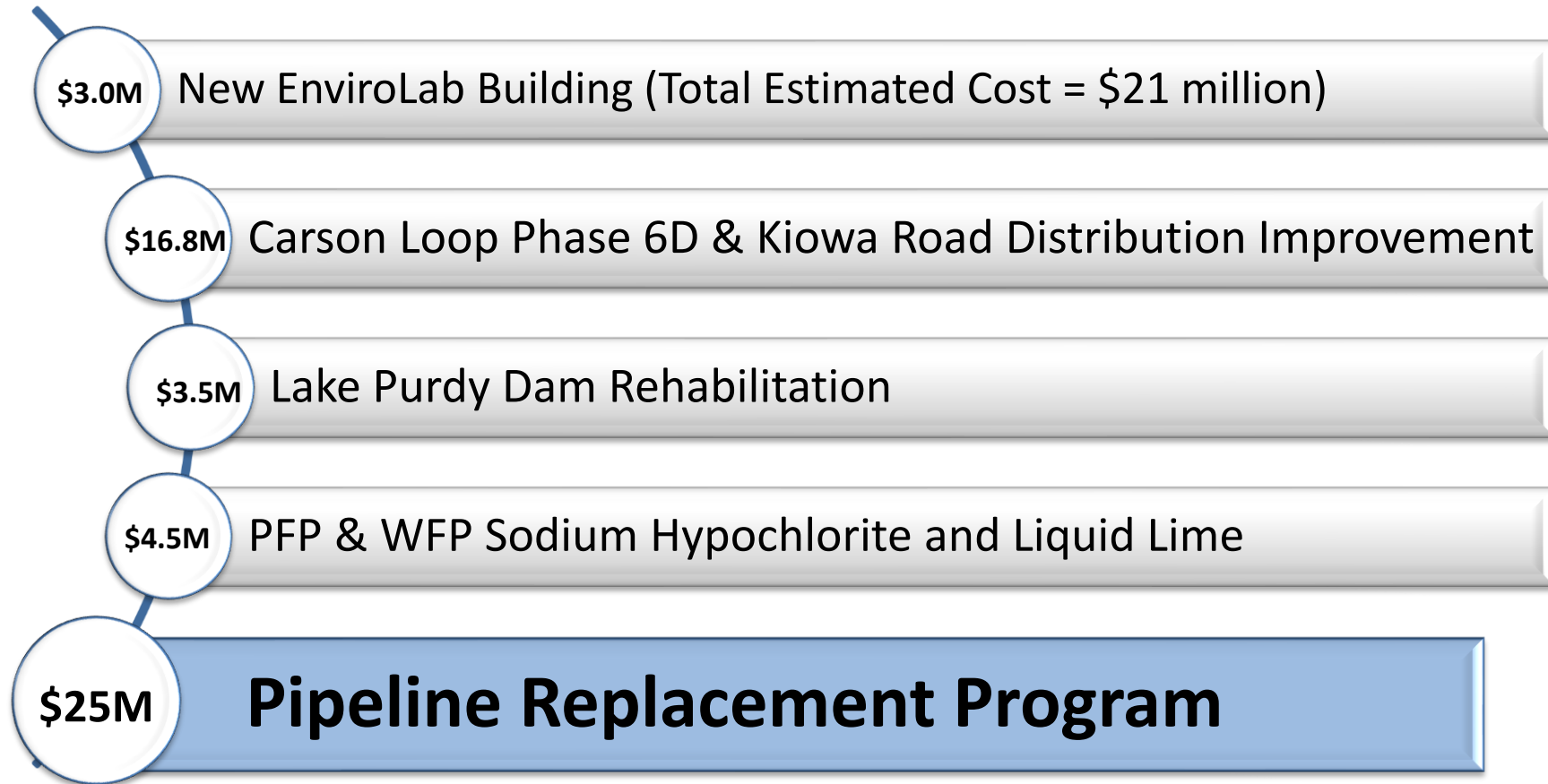
# FY2024 PROPOSED CAPITAL BUDGET



# FY2024 TOP FIVE BUDGETED PROJECTS

*Top Five projects  
= \$52.8 Million*

*62.9% of Capital  
Budget*



# FY2024 VOLUMETRIC REVENUE PROJECTIONS

	2022 Actual	2023 Budget	2023 Est. Actual	2024 Projected
<b>Residential</b>				
Block 1 (0-3 Ccf)	\$ 13,806,756	\$ 13,923,000	\$ 14,376,289	\$ 15,028,000
Block 2 (3-15 Ccf)	24,223,134	27,572,000	26,645,869	27,963,000
Block 3 (15+ Ccf)	15,720,221	15,820,000	14,659,541	15,484,500
<b>Subtotal: Residential</b>	<b>\$ 53,750,111</b>	<b>\$ 57,315,000</b>	<b>\$ 55,681,699</b>	<b>\$ 58,475,500</b>
<i>Difference</i>		<i>\$ 3,564,889</i>	<i>\$ (1,633,301)</i>	<i>\$ 2,793,801</i>
<b>Non-Residential</b>				
Commercial	\$ 48,829,242	\$ 49,680,000	\$ 50,231,530	\$ 53,012,000
Industrial	1,451,714	1,555,200	1,577,957	1,645,200
Municipal	4,597,966	4,190,400	4,899,983	5,027,000
Private Fire	343,910	259,200	287,754	274,200
<b>Subtotal: Non-Residential</b>	<b>\$ 55,222,833</b>	<b>\$ 55,684,800</b>	<b>\$ 56,997,224</b>	<b>\$ 59,958,400</b>
<i>Difference</i>		<i>\$ 461,967</i>	<i>\$ 1,312,424</i>	<i>\$ 2,961,176</i>
<b>Wholesale</b>	\$ 2,707,813	\$ 2,840,000	\$ 2,889,153	\$ 3,008,000
<i>Difference</i>		<i>\$ 132,187</i>	<i>\$ 49,153</i>	<i>\$ 118,847</i>
<b>Raw Water</b>	\$ 3,819,698	\$ 4,711,000	\$ 5,421,236	\$ 5,411,200
<i>Difference</i>		<i>\$ 891,302</i>	<i>\$ 710,236</i>	<i>\$ (10,036)</i>
<b>Total Volumetric</b>	<b>\$ 115,500,455</b>	<b>\$ 120,550,800</b>	<b>\$ 120,989,313</b>	<b>\$ 126,853,100</b>
<i>Difference</i>		<i>\$ 5,050,345</i>	<i>\$ 438,513</i>	<i>\$ 5,863,787</i>

\*Difference in 2023 Budget column compares to 2022 Actual, Difference in 2023 Est. Actual column compares to 2023 Budget, Difference in 2024 Projected column compares to 2023 Est. Actual

# FY2024 DEBT SERVICE COVERAGE

	Est. Actual		Recommended	
	2023		2024	
<b>Total Revenues</b>	\$	220,814,413	\$	228,268,096
Less: Impact/System Development Fees	\$	(1,337,600)	\$	(1,337,600)
Less: Interest on Construction Funds		-		-
Plus: Loss on the Sale/Disposition of Assets		338,860		338,860
<b>Total Revenues per Official Statement Definition</b>	<b>\$</b>	<b>219,815,673</b>	<b>\$</b>	<b>227,269,356</b>
<b>Revenue Requirements</b>				
O&M Expenses	\$	(125,304,575)	\$	(133,432,098)
Total Revenues Available for Debt Service and PAYGO	\$	94,511,098	\$	93,837,258
Debt Service				
Senior Debt Service	\$	(63,234,254)	\$	(63,234,228)
Subordinate Debt Service		(643,148)		(644,213)
Total Debt Service	\$	(63,877,401)	\$	(63,878,441)
<i>Base Charge Revenue as a Percent of Annual Debt Service</i>		<b>114.6%</b>		<b>121.8%</b>
PAYGO Spending	\$	(30,600,000)	\$	(29,910,000)
<i>PAYGO as Percent of Capital Budget</i>		<b>42.3%</b>		<b>35.6%</b>
<b>Total Revenue Requirements</b>	<b>\$</b>	<b>(219,781,976)</b>	<b>\$</b>	<b>(227,220,539)</b>
<b>Surplus/(Deficit)</b>	<b>\$</b>	<b>33,697</b>	<b>\$</b>	<b>48,818</b>
<b>Debt Service Coverage Ratios</b>				
Senior Debt Service Coverage (Minimum = 1.35)		1.49		1.48
Total Debt Service Coverage (Minimum = 1.10)		1.48		1.47
<b>Total Debt - Par Outstanding/Principal Remaining</b>	<b>\$</b>	<b>1,065,495,000</b>	<b>\$</b>	<b>1,029,970,000</b>
<b>Net Debt to Total Assets</b>		81.23%		75.99%



# FINANCIAL GOALS AND POLICIES

<p>Reserves of approximately 240 days of operating expenses on hand</p>	<p>399 days – projected days operating expenses on hand at December 31, 2023 150 – 250 days; Moody’s criteria for Aa utilities</p>
<p>Strong Bond Ratings</p>	<p>2002: S&amp;P A / Moody’s A 2013: S&amp;P AA / Moody’s Aa2 Current: S&amp;P AA / Moody’s Aa2</p>

# FINANCIAL GOALS AND POLICIES

Reserve Fund	Target
Capital Reserve	25% of Capital Plan
Revenue	15% of O&M + Debt
Demand Shortfall	5% of O&M + Debt
Rate Stabilization	5% of O&M + Debt
Economic Development	4.3% of O&M + Debt

# 2024 Proposed Water Rates



# BASE CHARGE RATE CHANGES for 2024

	Actual 2023	Projected 2024	Variance
<b>Residential, Non-Residential, Wholesale</b>			
<i>by meter size</i>			
5/8	\$ 25.92	\$ 27.42	\$ 1.50
3/4	34.37	36.36	1.99
1	51.73	54.73	3.00
1.5	93.61	99.04	5.43
2	146.55	155.05	8.50
3	309.93	327.91	17.98
4	467.43	494.54	27.11
6	899.12	951.27	52.15
8	1,415.45	1,497.55	82.10
10	2,012.12	2,128.82	116.70
<b>Raw</b>			
<i>by meter size</i>			
2	\$ 74.54	\$ 78.86	\$ 4.32
3	163.36	172.83	9.47
4	241.35	255.35	14.00
6	453.20	479.49	26.29
8	705.99	746.94	40.95
10	996.13	1,053.91	57.78
12	1,779.20	1,882.49	103.29
16	2,612.80	2,764.44	151.64
18	3,244.40	3,432.69	188.29
20	4,015.10	4,248.05	232.95
30	7,791.70	8,243.64	451.94

# VOLUMETRIC RATE CHANGES for 2024

	Actual 2023	Projected 2024	Variance
<b>Residential</b>			
Lifeline: 0 - 3 CCF	\$ 2.73	\$ 2.89	\$ 0.16
3 - 15 CCF	4.52	4.78	0.26
>15 CCF	7.91	8.37	0.46
<b>Nonresidential</b>			
All Usage (CCF)	\$ 4.32	\$ 4.57	\$ 0.25
<b>Wholesale</b>			
All Usage (CCF)	\$ 3.55	\$ 3.76	\$ 0.21
<b>Raw Water</b>			
Per CCF	\$ 1.35	\$ 1.42	\$ 0.08

# PROJECTED CUSTOMER IMPACT

Actual	Projected	Variance
2023	2024	

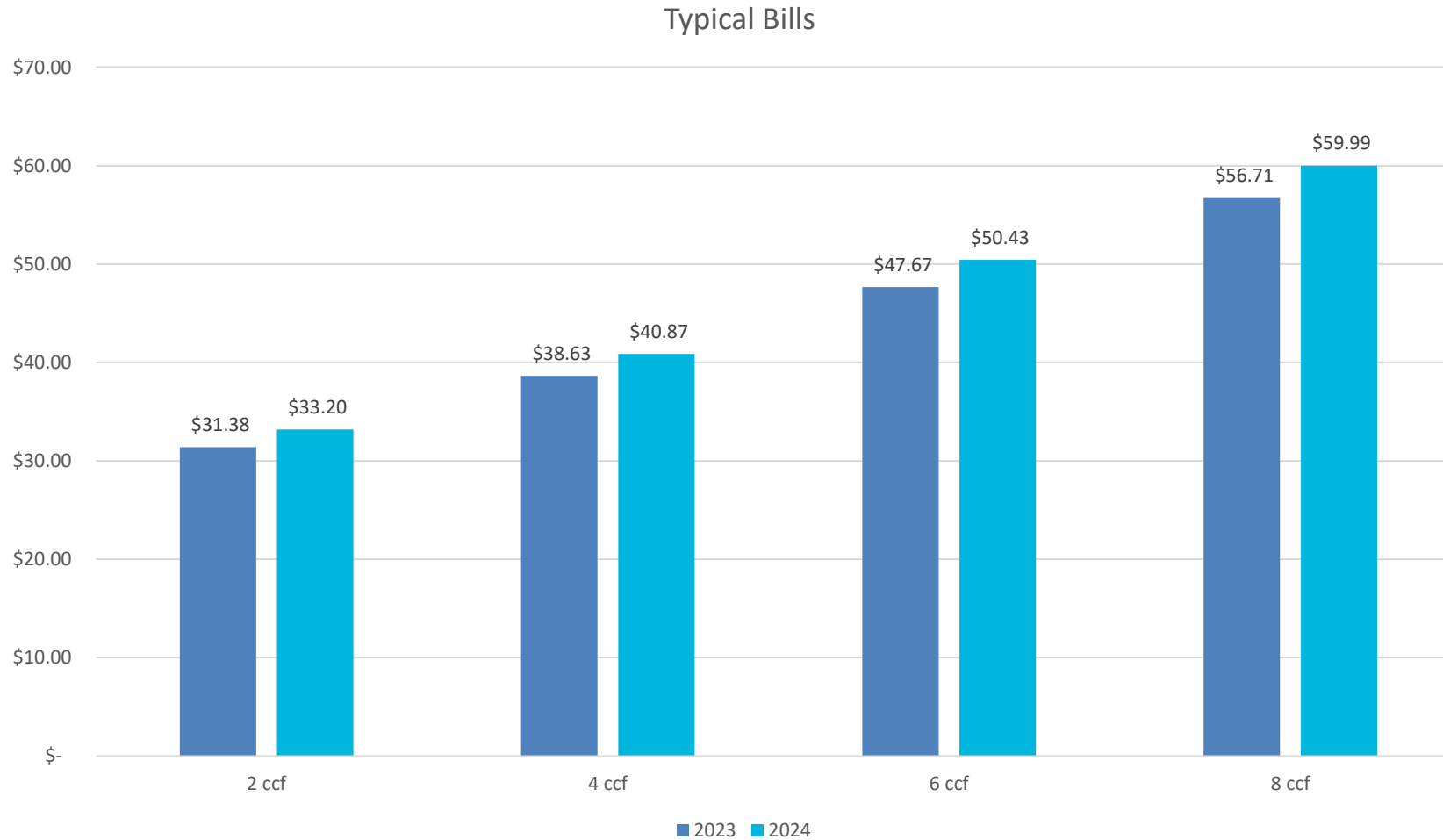
(1) Based on 5/8" meter and 6 ccf (4,500 gallons) of monthly usage

## Birmingham Customer Details

Monthly Water Bill (1)	\$	47.67	\$	50.43
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***Impact to Customer Monthly Bill*** **\$ 2.76**

# TYPICAL BILL BY CONSUMPTION: 2023 VS. 2024 PROPOSED



# MUNICIPAL and PUBLIC FIRE HYDRANT FEES

	Until September 30, 2024	Effective October 2024	Variance
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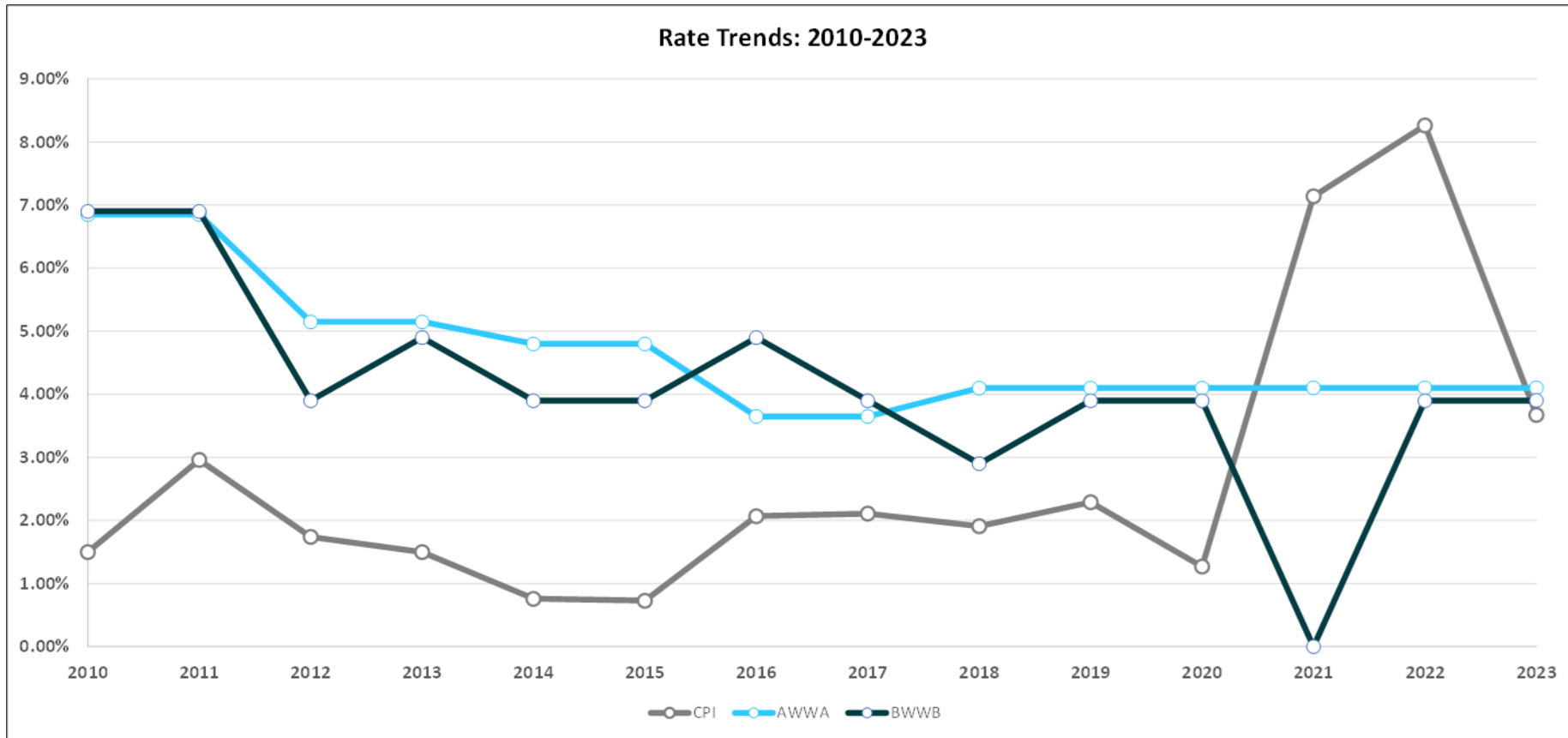
Annual Per Hydrant Fee	\$ 246.60	\$ 262.44	\$ 15.84
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***Customer Monthly Impact*** **\$ 1.32**

Charged annually for fire hydrants on public streets



# RATE INCREASE TRENDS



\*CPI as of August 2023

# PROJECTED CUSTOMER IMPACT



It costs a penny per gallon  
to have water delivered  
24/7/365 to your home



Customer Monthly Impact  
is equal to a 20 oz. bottle  
of soda

# Customer Financial Assistance





## H2O FOUNDATION

The H2O Foundation works to provide financial and plumbing repair assistance.

Phone: 205-244-4390



## THE SALVATION ARMY

50 years of age older or receiving long-term disability or social security assistance.

Phone: (205) 328-2420



## UNITED WAY

United Way offers various programs to support families and individuals facing financial hardships.

Phone: (205) 251-5131 or 2-1-1



## COMMUNITY ACTION AGENCY OF NORTHEAST ALABAMA

Household income must not exceed 150% of the federally established poverty level. This agency administers LIHWAP.

Phone: 205-502-2108



## LOW INCOME HOME WATER ASSISTANCE PROGRAM (LIHWAP)

Household income must not exceed 150% of the federally established poverty level.

Phone: 1-866-674-6327



## GREATER BIRMINGHAM MINISTRIES

Must call (205) 716-2168 at 9:00 am on the first Wednesday of the month, except July, December, and January.

# PUBLIC COMMENTS



# NEXT STEPS

- After consideration of comments during this Public Hearing, the next step for the Board is to consider approval of the Proposed O&M and Capital Budgets for FY 2024 at its meeting on November 15<sup>th</sup>.

# CLOSING REMARKS

Visit us at [www.BWWB.org](http://www.BWWB.org) for a copy of the  
Presentation and Preliminary Budget Book for FY2024