

**MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
December 6, 2023**

A Human Resources Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, December 6, 2023, at 12:18 p.m., immediately after the Engineering and Maintenance Meeting, at 3600 First Avenue North, Birmingham, Alabama.

The following Committee members were present: Directors William “Butch” Burbage, Jr. (Committee Chairman), Dalton NeSmith, and Mashonda S. Taylor. Also, present were Directors Tereshia Huffman and George Munchus.

Others present were: Michael Johnson, General Manager; Iris Fisher and Derrick Murphy, Assistant General Managers; Cynthia Williams, Board Administrator; Anitra Clark, Corporate Governance Specialist; Vanessa Washington, Executive Assistant; Marsha Hammonds, Rick Jackson, Brad Steffens, Michael Tartt, Paul Lloyd, Platon Crowell, Jeremy Ervin, Rosalind Jones, Drusilla Hudson, A’Khi King, Jeff Wade, Charles McGee, Anthony Hazel, and David Walker, BWWB Employees; K. Mark Parnell, Parnell Thompson Law, LLC; Kelvin Howard, Kelvin W. Howard, LLC; Tiffanie Agee, Agee Law, LLC; Olivia Martin, State of Alabama Attorney General’s Office; Zakiya Seymour, ARCADIS, US, Inc; Bill Todd, O2 Ideas; Jacqueline French, Housing Authority of the Birmingham District; and Willie Davis, The Dannon Project.

Inasmuch as all Committee members were present, a quorum was declared in attendance. Interim Committee Chairman Burbage called the meeting to order at 12:18 p.m.

Following, the Committee proceeded to approval of the agenda. Director Taylor made a motion to approve the agenda and Director NeSmith seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Next, the Committee proceeded to the Reports of Officers, Request Committee to hear an update on the Workforce Development Program. General Manager Johnson stated Jeremy Ervin, BWWB Workforce Development Administrator, would update the Board on the Workforce Development Program. General Manager Johnson commented that there is a shortage of personnel in the workforce, before turning the meeting over to Mr. Ervin. Mr. Ervin stated that he reviewed the strategic plan to make sure the needs of Birmingham Water Works were being met. He indicated that the three important strategic plan areas he focuses on for workforce development consist of enhancing the company’s reputation in the community and promoting the utility as an employer of choice, continuing to build a recruitment pipeline through interactive and educational programming to ensure trained staff is being hired at Birmingham Water Works, and fostering brand new awareness of Birmingham Water Works opportunities with a new generation. Mr. Ervin stated that workforce development is built around the following five areas of framework: (1) *recruitment of pipeline partnerships*, (2) *internal engagement*, (3) *college relations*, (4) *community engagement*, and (5) *student programming*. Mr. Ervin stated workforce development began in phases. Phase one, enhances community partnerships. Phase two projects strategic plan goals for 2022 through 2024 of the first through third quarters. During phase two, Mr. Ervin indicated he implemented Birmingham Water Works first employee resource fair. Other parts of phase two include the development of pipeline relationships, the implementation of an intern/co-op program effective January 2024 and throughout

the year, ongoing community partnerships, which focuses on our Chamber of Commerce to ensure information on Birmingham Water Works Bill Better Campaign and other messaging is being communicated to customers by working with Birmingham Water Works' Public Relations team. Mr. Ervin stated he has been attending meetings at the Chamber of Commerce to answer questions that may arise. He stated phase two, which is the final phase of workforce development, is establishing educational partnerships. Next, Mr. Ervin gave an overview of the workforce development project milestones. He stated the first quarter milestones consisted of Bevill State Community College Commercial Driver's License (CDL) training for employees, open catalog partnerships with Jefferson State Community College and Lawson State Community College to ensure Birmingham Water Works employees have ongoing training and access to courses the colleges offer without having to complete a contract for every situation. He indicated that the Birmingham Promise Partnership was established, and five high school students were selected for the internship/co-op for the Information Technology, Accounting, System Development, Engineering and Human Resources departments. Also, the Chamber of Commerce relationship was re-established to assist with networking in the five service areas of Birmingham Water Works. The second quarter workforce development milestones were the relaunch of the Birmingham Water Works Young Water Ambassador Program, Five Birmingham Promise interns completion of an internship at Birmingham Water Works, Bevill State Community College CDL training/certification for employees, and a partnership with Jefferson County Department of Human Resources. The third quarter workforce development milestones encompassed hiring three Jefferson County Department of Human Resources candidates, hosting an employee resource fair, internship discussions for 2024, Shelby County high school service area tours, and thirty-two employees were certified in customer service. The fourth quarter workforce development milestones included staff attending the University of Alabama at Birmingham (UAB) Engineering career fair; as a result, five candidates were interviewed as potential new employees for Birmingham Water Works. In addition, Birmingham Water Works partnered with UAB Geographic Information System (GIS) Department to help launch a GIS Program. Birmingham Water Works hopes to receive a GIS intern because of the partnership. Also, Samford University reached out for a partnership opportunity. Mr. Ervin stated Birmingham Water Works was able to connect with ready workforce employees via Onin Staffing through the Shelby County Commerce. He said the Young Water Ambassador application was launched in October 2023, a CDL co-hort was finalized with 17 new employees, and certified employees. Afterwards, Mr. Ervin concluded his presentation.

Following, Assistant General Manager Fisher presented a report to the Committee. Assistant General Manager Fisher stated Governor Kay Ivey signed a new bill into law. She stated that Alabama currently does not have any special overtime of laws. Alabama follows the Federal law for minimum wages as well as overtime rates. This new bill eliminates the 5% state tax on overtime pay for any hours worked over 40 hours per week. She stated the purpose is for employees to keep more money and spend it in the economy. The new bill becomes effective January 1, 2024, through June 20, 2025. Assistant General Manager Fisher said there has been discussion on extending the law and eventually making it permanent. Overtime under the new law is defined as hours worked over forty hours. It does not include sick time nor vacation time. Birmingham Water Works faces many challenges because of the new law. Assistant General Manager Fisher stated that the company's current pay policy as it relates to overtime pays more than what is required by State and Federal. Therefore, Birmingham Water Works employees do not have to work over forty hours to receive overtime. She stated Birmingham Water Works includes sick time and vacation time as overtime hours if proper notice has been given. Another challenge involves the company's premium codes. There are five premium codes paid to employees at an overtime rate regardless if employees work over forty hours. Also, Assistant General Manager Fisher stated the new law presents challenges for meter readers by impacting the

meter reader incentives program. The meter reader incentives program states that meter readers are expected to read one route within eight hours and will receive overtime for additional routes. This poses a challenge for the Birmingham Water Works because the hours worked have not been separated in the company's system; therefore, the system will have to be configured to determine hours worked based on the new law. Assistant General Manager Fisher said staff is currently working with the vendor on a solution. A solution has been selected for the sick time and vacation time; however, the premium pay codes and meter reader incentive remains a challenge. Assistant General Manager Fisher stated that staff has a meeting with the Alabama Department of Revenue on Thursday, December 7, 2023, to discuss premium pay and the meter readers incentive. She stated that once a solution has been reached, staff will send an email to directors with an updated status of the resolution. Director Munchus asked if the presentation had been presented to the Employee Association. Assistant General Manager responded no. She stated that this is a benefit to employees. Director Munchus asked that the Employee Association be updated on the facts. Afterwards, Assistant General Manager Fisher concluded her presentation.

Next, Assistant General Manager Fisher stated Paul Lloyd, Human Resources Manager and Playton Crowell, Talent Management Officer will update directors on the upcoming Human Resources agenda items in process to be presented to the Committee at a future time. Mr. Lloyd stated that Mr. Crowell has been leading the efforts for a Request for Proposal (RFP) that will be issued through the Purchasing Department for a cloud-based employee relations and case management solution. The purpose is to automate and track employee relation matters such as investigations, corrective actions, and exit interview feedback. The cloud-based program will have built-in workflow, recording capabilities, etc. Next, Mr. Lloyd indicated that the career development policy will need to be updated to require a repayment agreement for the Commercial Driver's License (CDL) program to assist in retaining employees. He stated the company's driving policy will be updated and brought to the Committee. Mr. Lloyd concluded his presentation.

Following, the Committee proceeded to agenda item one, Request Committee to recommend to the Board to approve an amendment to the Salary Administration Plan that approves the 2024 Merit Increase amounts by pay grade and performance rating level. General Manager Johnson stated that calculations were done to determine the amount to pay employees based on implementing the Salary Administration Plan without limiting employees' merit. He stated the initial budget included 2.3% for merit, which would have required a reduction to the merit calculation, but the company chose not to reduce it. General Manager Johnson stated that the Board is being asked to amend the salary administration plan based on the new salary grade ranges and to pay employees according to the salary administration plan. Mr. Lloyd referenced the handout entitled "*Previous and Grandfathered Grades and Merit Increase Amounts (Hourly) and 2024 Salary Grade & Ranges (after 3% GWI) and Merit Increase Amounts (Hourly)*". A copy is on file in Diligent. He stated the Previous and Grandfathered Grades and Merit Increase Amounts (Hourly) table on the left was historically used and updated by the wage increase. Mr. Lloyd said the range spread is consistent throughout its entire schedule. He stated the ten-step process is used to calculate merit increases. Also, Mr. Lloyd stated the 2024 Salary Grade & Ranges (after 3% GWI) and Merit Increase Amounts (Hourly) table on the right has fewer job grades. Its range spread gradually widens as one goes up in the pay scale. Mr. Lloyd said this was recommended by the consultant because entry level jobs have more promotions; however, an employee stays in leadership positions longer. This reduces the chance of an employee topping out of their salary grade faster. Mr. Lloyd stated staff is recommending an adjustment to the number of steps, which gradually widens, as salary grades increase. Next, Board Attorney Parnell made a couple of points. He stated that the adopted salary study includes an amendment to the Salary Administration Plan, because the new

salary scale is not consistent with the plan. Board Attorney Parnell stated the resolution calls for staff to present to said Committee a recommendation as to how to amend the merit in the Salary Administration Plan. He stated it has been drafted; however, the next step is to consider whether an outside expert needs to be involved. Board Attorney Parnell stated the current Salary Administration Plan does not allow for this type of increase; therefore, a special resolution is needed to cover the merit increase this year. He stated staff is trying to be consistent with the prior plan; however, this change must take place due to the new salary scales. Board Attorney Parnell said directors should have a new amended Salary Administration Plan presented to them by next year's first quarter. Director Munchus asked if the recommendation was to convert fifty-six salary grades into twenty-six grades. Mr. Lloyd responded that said action had been approved already. Afterwards, Director Munchus asked about the implementation date. Mr. Lloyd said the salary schedule was approved by the Board effective September 25, 2023. Following, Director Taylor asked how the salary grade and ranges/merit increase amounts were being communicated to employees on every different grade level because it is very complicated. She asked Mr. Lloyd if the information was a comparison to what employees had before and if the changes allow employees to broaden their range to prevent/reduce employees from topping out their salary grade. Mr. Lloyd responded that the comparison information had not been communicated to employees at the present time; however, the consultant presented an overview to managers, supervisors, and the Employee Association. He stated meetings were held with managers and supervisors for each department. Specific information was shared related to their jobs in their departments, changes made for each employee, a list of frequently asked questions, individualized salary survey statements, and talking points for the managers and supervisors to communicate to the employee individually. Director NeSmith inquired about employee dissatisfaction with the things happening at Birmingham Water Works and the vote of no confidence for management. He voiced concern over the vote of no confidence in management and said someone needs to speak on the matter. General Manager Johnson stated it concerns management when employees have concerns. He stated management met with the Employee Association and did respond to the Employee Association on a particular item and will continue to communicate with them. General Manager Johnson said one item was a benefit to employees. He stated one question the Employee Association raised was whether the company would be going to the World at Work Survey as the measure for determining the annual wage increase to be received by employees. General Manager Johnson stated that had not been decided and that the answer had been communicated to the Employee Association. He said as of this pay period, if the wage is based on a 3% general wage increase and 2.3% merit approved in the budget, it would mean an employee would receive less than normally calculated. This allows employees to receive their full merit, which is why additional money was added to the budget. However, he does not think employees will have concern about said agenda item, because it benefits the employee. Director NeSmith stated he has been provided a copy of the letter and will ask questions after he has had an opportunity to review the letter. Director Taylor commented that communication is key. Director Taylor said she was excited about more internal communication between O2 Ideas and Human Resources. She said there is probably lots of information being spread that may be contrary to what is happening internally to employees, but no one is getting the solidified facts. Director Taylor stated that without the facts, people will make up things and do other things. She stated this is a value add to employees, but it does not matter if the employees do not understand. Director Taylor said management must find a better way to communicate with the employees. Director NeSmith made a motion to recommend said item be moved to the full Board without a recommendation from the Committee, and Director Taylor seconded the motion. On a motion duly made and seconded, the item was approved by unanimous vote.

Next, the Committee proceeded to agenda item two, Request Committee to hear an update on the Retirement Gift and Party Policy approved in 2023. Mr. Lloyd stated that the Board approved an

updated retirement gift and party policy in June 2023. Mr. Lloyd said he wanted to ensure that there were clear guidelines and expectations for when an employee retires. He asked the Committee to revisit the retirement gift section of the policy. He stated feedback from employees indicated employees did not want to have a limited amount or limited type of gifts to choose from. Mr. Lloyd said employees want the flexibility to select a gift to for their retirement. He stated such list would be challenging to develop for all retiring employees; therefore, staff is asking the Board to allow retiring employees to choose a gift of their choice up to the approved value of \$600.00. The gift would be ordered through the Purchasing Department and the retiring employee would only be allowed to choose one gift and not multiple gifts. Board Attorney Parnell stated that the policy would have to be amended to accommodate the change and approved by the Committee/Board. Director Munchus indicated that he has received several calls on the reimbursement of retirement funds cost for onsite and offsite company funded retirement parties. He asked General Manager Johnson if he had received calls on the matter, and if the \$1,000.00 funds distributed was the same amount allowed for onsite and offsite retirement parties cost, and if the \$1,000.00 was the maximum amount. General Manager Johnson responded that the policy was developed internally by staff and the Employee Association; however, he had not received any calls on the referenced matter. Assistant General Manager Fisher stated that initially the policy reflected different amounts of funds based on whether the retirement event was held onsite or offsite. She stated staff listened to the employees' concerns; afterwards, the policy was approved with the same cost (\$1,000.00) for onsite and offsite retirement parties. Director Munchus asked if employees were aware that the cost is equal. Assistant General Manager Fisher responded that the matter was presented, and the policy had been distributed. Director Burbage asked for clarification on whether the Committee was being asked to act on the amending the policy and only to hear an update. General Manager Johnson responded that per a brief discussion with Board Attorney Parnell, staff would need to come before the Committee again with a resolution stating the specific changes to the policy. Board Attorney Parnell said his understanding of the conversation with General Manager Johnson was that staff would ask for the policy to be amended, which can be done now and moved to the full Board for approval. Director Burbage stated he wanted an opportunity for the policy to be reviewed before voting on it. He said the policy should be presented on another agenda and meeting. General Manager Johnson requested that the referenced item be added to the next upcoming Board meeting agenda.

Following, the Committee proceeded to agenda item three, Request Committee to recommend to the Board to approve an agreement with Bevill State Community College, effective January 15, 2024, through December 13, 2024, to provide Commercial Driver's License (CDL) training for BWW employees at a projected cost of \$37,000.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement. Director Taylor made a motion to recommend said item be moved to the full Board for approval, and Director NeSmith seconded the motion. On a motion duly made and seconded, the item was approved by unanimous vote.

Subsequently, the Committee proceeded to agenda item four, Request Committee to recommend to the Board to approve an expenditure of \$27,275.00 for services provided by HRD Associates Inc. Director NeSmith inquired about what HRD Associates does. General Manager Johnson responded that a professional works with Birmingham Water Works to provide various counseling services to employees under the current insurance plan, general team building training and other leadership training. He stated that firm was paid through Behavior Health Systems, who has a contract to provide that service. Behavior Health Systems can no longer pay the individual and stated that it is Birmingham Water Works' obligation to pay the person. General Manager Johnson stated that the referenced expenditures associated with the services are over the General Manager's approval limit; therefore, the Board is being asked to approve the expenditures. Director Taylor made a motion to

recommend said item be moved to the full Board for approval, and Director NeSmith seconded the motion. On a motion duly made and seconded, the item was approved by unanimous vote.

As there was no further business before the Committee, Director Taylor made a motion to adjourn the meeting, and Director NeSmith seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting adjourned at 1:10 p.m.

_____/s/
Michael Johnson
General Manager

_____/s/
William "Butch" Burbage, Jr.
Interim Committee Chairman

_____/s/
Dalton NeSmith
Director

_____/s/
Mashonda Taylor
Director