

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS  
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM  
October 23, 2024**

A regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, October 23, 2024, at 11:30 a.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: Lucien B. Blankenship, William “Butch” Burbage, Jr., Thomas E. Henderson, Tereshia Q. Huffman, George Munchus, Carl Dalton NeSmith, Mashonda S. Taylor, and Larry Ward.

Others present were: Darryl Jones, Interim General Manager; Mac Underwood, Interim Deputy General Manager, Barry Williams and Derrick Murphy, Interim/Assistant General Manager; Cynthia Williams, Board Administrator; Anitra Clark, Corporate Governance Specialist; Vanessa Washington, Executive Assistant; Michael Parker, Colandus Mason, Rick Jackson, Cassandra Bell, Venita Bias, Brandon Seay, A’khi King, Jeff Wade, Charles McGee, Derrick Maye, Anthony Hazel, and David Walker, BWB Employees; General Ronald L. Burgess, BWB Consultant; K. Mark Parnell, Parnell Thompson Law, LLC; Bobby L. Davis, The Law Office of Bobby L. Davis; Alan Kouns, State of Alabama Attorney General’s Office; Matthew Arrington, Terminus Municipal Advisors, LLC; Patrick Flannelly, ARCADIS, US, Inc; Phillip Moultrie, Valent Group, LLC; Nicole Naassan and John Sullivan, E Source; Commissioner Shelia Tyson, Jefferson County Commission; Lindsey McAdory and Kyle Adams, CBG Strategies; Frank Adams, Direct Communications; Jay Pruitt, Nimble Pay; Charles Lewis, MBA Engineers; Sanjay Kumar; Jonathan Hardison and Mike Tucker, WBRC-FOX 6 News, and Rinesha Coleman, Allied Security.

Chairwoman Huffman called the meeting to order at 11:30 a.m., and Interim Deputy General Manager Underwood opened the meeting with prayer.

Inasmuch as all directors were present, Chairwoman Huffman declared a quorum in attendance.

Following, Chairwoman Huffman asked the Board to approve the agenda. Interim General Manager Jones stated that there were modifications to the agenda and asked the Board to amend the agenda. He asked to add under the Report of Committees, a Special Called Meeting of the Board of Directors to be held on October 28, 2024, at 11:30 a.m., to discuss the budget; move Speakers above Report of Officers to recognize Jefferson County Commissioner Shelia Tyson to speak; under New Business, adding a resolution expressing condolences in the death of Andrew Jackson Robinson IV, a former BWB Young Water Ambassador, who passed away on Sunday, October 13, 2024; and to table item 4.3.2 and to move said item to the Board meeting requested to be held on Monday, October 28, 2024. Director Munchus asked the Chairwoman for confirmation if the referenced Board meeting request was for a Regular Board meeting to be held on Monday, October 28, 2024, at 11:30 a.m. Chairwoman Huffman confirmed, and answered yes. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Larry Ward and seconded by Ms. Tereshia Q. Huffman, that the Board hereby approves the Regular Board of Directors’ Meeting Agenda, as amended, by adding a Special Called Meeting of the Board of Directors to be held on October 28, 2024, at 11:30 a.m., to discuss the budget; to move the Speakers above Report of Officers; to adopt a resolution expressing condolences in the death of Andrew Jackson Robinson, IV, a former BWB Young Water Ambassador; and to table agenda item 4.3.2. Resolution No. 9640 is hereby adopted by unanimous vote.”

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Next, the Board moved to the first item on the agenda, Request Board to approve minutes of the Regular Board of Directors’ meetings held August 28, 2024, and September 4, 2024. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED BY The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made Mr. Thomas E. Henderson and seconded by Ms. Mashonda S. Taylor, that the Board hereby approves minutes of the following meetings:

- 1.1 Regular Board of Directors’ Meeting held August 28, 2024.
- 1.2 Regular Board of Directors’ Meeting held September 4, 2024.

Resolution No. 9641 is hereby adopted by unanimous vote.”

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Following, Chairwoman Huffman asked to hear Reports of Committees. As there were no reports, the Interim General Manager stated a Human Resources Committee Meeting would be held Wednesday, October 23, 2024, immediately after the Regular Board of Directors’ Meeting; and a Regular Board of Directors’ Meeting and Public Hearing would be held Monday, November 4, 2024, at 5:30 p.m.

Following, the Board moved to Speakers. Chairwoman Huffman recognized Commissioner Sheila Tyson to speak. Commissioner Tyson thanked the BWB for being serious in starting the smart meters program, because the previous Board was unable to get the program started. She urged BWB to get started, because she is receiving calls from customers stating they are still receiving high bills for \$3,000.00 to \$4,000.00 in their mailboxes. Commissioner Tyson stated, she is unsure of the problem; however, a residence should not be receiving that type of bill. Commissioner Tyson stated she spoke with Interim Deputy General Manager Underwood, and she is pleased with her discussion with him. She voiced concerns about 240,000 meters per month being read properly and said citizens are suffering behind increasing bills. Commissioner Tyson indicated her appreciation, as well as the citizens, that a smart meter’s program will be implemented; but they would like for BWB to start the program as soon as possible.

Next, Chairwoman Huffman asked the Board to hear Reports of Officers. The Interim General Manager stated several items would be presented under the Interim General

Manager/Assistant General Managers Report. Interim Assistant General Manager Williams presented an update on SAP to the Board. Chairwoman Huffman asked that questions be held to the end of the presentations. Interim Assistant General Manager Williams stated that in addition to the SAP update report, he wanted to recognize Michael Parker, Venita Bias, and Brandon Seay, BWW Customer Care Team. Interim Assistant General Manager Williams said the referenced individuals were the Interim Managers for the positions in the Customer Support area. He stated Michael Parker is the Senior Customer Support Manager; Venita Bias is the Customer Support Manager, and Brandon Seay is the Call Center Manager. Interim Assistant General Manager Williams said those individuals are responsible for the notable change in operations, morale, and activities happening in their department. He asked the Board to allow them to present a presentation entitled “*Meter Reading Process*” regarding the status of meter reading and call center support. A copy is on file in Diligent. Board Attorney Mark Parnell indicated to Chairwoman Huffman that this would count as part of the Board’s ongoing required education under the Self-Governance Policy. Mr. Parker stated there are 224,000 active services in BWWB’s billing system. He stated these are taps from the main to the meter box, which is used to deliver water to BWW customers. Mr. Parker said there are 215,000 metered services in this group that gives BWW the ability to measure and bill for water usage. Also, he indicated that BWW averages approximately 197,000 bills per month, and that the remaining services are inactive. Next, Ms. Bias stated Route Smart is a system used to geo-code all taps in BWWB’s read system. Per Ms. Bias, the technician reviews all taps for proper sequencing to ensure they are read in the route they are assigned. She stated this is essential for billing and reading because if the account is not sequenced it does not go into the handhelds to be read each month. Also, Ms. Bias indicated that the software is used to run BWWB’s collections and place accounts in the routing order to be worked. Next, Ms. Bias stated BWWB has thirty-four (34) meter readers that reads approximately 9,000 to 11,000 meters each day and the meters are separated into 28 to 32 routes per day. She indicated a route is grouped into 300 to 700 accounts to be read in a certain area and a total of 562 routes are read each month. Next, Mr. Parker stated BWWB reads its meters on cycles which includes a scheduled day a group of routes are to be read. Mr. Parker stated the meter readers use handheld devices to collect readings. He said meter readers are required to open each meter box on their route, report theft of service where a party is using water without a contract, report street leaks, and any damage or leaks on BWWB service lines. Next, Ms. Bias stated Alexander is a secondary read collection system outside of SAP that is used to collect and monitor meter readings each day. She indicated that a raw file is loaded from SAP into Alexander. Per Ms. Bias, a live monitoring system has been implemented. She said that if meter readers are out in the field reading a meter and there is a meter that needs to be rechecked, it can be communicated to the meter reader to address the issue at that time. Also, Ms. Bias said the process of meter readers taking pictures of the meter and its reading has been implemented. Mr. Parker stated the Alexander system is a real-time device. He indicated Alexander allows staff to see meters missed from being read, and the ability to push information to the meter reader while in the field and reduces the number of bill batch orders. He said if an agent is editing, the account will automatically lock if readings are outside the expected range until it has been reviewed and released by an agent. Next, Ms. Bias indicated that out sorting happens when a bill is calculated and kicked out before billing, due to high consumption or dollar amounts. Ms. Bias said an agent must go in the system to check those orders and accounts before those bills are released. Next, Ms. Bias stated areas of focus were as follows: (1) to ensure all staff is trained and up to date on current processes, (2) to make sure BWW provides quality service to our customers, and (3) to get them billed on time. She indicated that an

eight-week training program has been implemented for personnel. Per Ms. Bias, another area of focus is process improvement by creating processes to ensure the most effective work environment to meet daily and monthly goals, in addition to reducing the number of outstanding issues and orders. Afterwards, Mr. Parker stated staff was able to determine the number of backlog accounts through using SAP. He stated a bill must be reversed every time it is estimated. In conclusion, Mr. Parker stated Dynamic Delivery includes listing bill batch, rereads, implausibles, and estimated meter readings for June 2024 through September 2024. Director Munchus asked whether the number of meter readers was adequate for BWWB, relative to its size. Mr. Parker responded yes, and that inclement weather and COVID-19 impacted backlogs. Chairwoman Huffman thanked Mr. Parker and his team for assisting a family on Friday, October 18, 2024. Interim Assistant General Manager Williams said there have been a lot of challenges and people have been displeased with the customer support when calling; however, Mr. Seay has been tasked with making the process more efficient.

Next, Interim Assistant General Manager Williams began his presentation to the Board entitled "*SAP Business System Planning*". A copy is on file in Diligent. He stated that SAP is BWWB's Enterprise Resource Planning software. Interim Assistant General Manager Williams said SAP contains all BWWB's systems: Finance, Customer Services, and Field Support Services. He stated previously there were approximately twenty initiatives on different platforms. Per, Interim Assistant General Manager Williams, SAP was implemented in 2011, and there have been several implementations afterwards. He stated the Customer Service platform was added in 2016, and the Human Resources platform was added in 2018. Interim Assistant General Manager Williams said SAP indicated that they would no longer offer support for their ERP Central Component (ECC) solution utilized by BWWB, because they are moving to a data cloud-based solution. He stated that the company could still use the ECC solution; however, the Advanced Metering Infrastructure (AMI) initiative would be affected; therefore, a decision was made to update the company's current version of SAP. Interim Assistant General Manager Williams said due to AMI implications, there will be a technical upgrade, which will take 12 to 16 months. He stated the cost is still estimated to be between \$5,000,000.00 and \$9,000,000.00. Interim Assistant General Manager Williams stated SAP needs to be updated before getting into the system aspects of AMI. He said the original deadline for completing the SAP update is 2027; however, that will be reduced to 12 to 16 months. Interim Assistant General Manager Williams said AMI is expected to be launched after completion of the SAP Upgrade, estimated to be in the second quarter, 2026. He stated staff has communicated with the company's current vendor, Utegration, which was bought out by Cognizant, to implement an SAP Phase 0. Per Interim Assistant General Manager Williams, in SAP Phase 0, all BWWB's current operations and all areas in SAP will be looked at to determine where there might be problems relative to the SAP upgrade. He said the purpose is to get ahead of any issues that may occur from changing technology. Interim Assistant General Manager Williams stated the process will take approximately two and half months. He stated that Cognizant subject matter experts and BWW in-house subject matter experts will work together and discuss the aspects of every area for potential issues. Interim Assistant General Manager Williams said the estimated cost for SAP Phase 0 is \$120,000.00. He stated a discussion was being held to determine whether a Request for Proposal (RFP) would be needed or whether to use the current vendor. Afterwards, Interim Assistant General Manager Williams said the advantage of going to SAP 4HANA is because it transitions from on-premises solution to cloud solution, freeing up server space and support in-house. He stated BWW current SAP program has several different

entities involved in support, in addition to individual contracts. Interim Assistant General Manager Williams said SAP 4HANA will consolidate everything and there could potentially be one payment made to one vendor. Director Ward asked Interim Assistant General Manager Williams if he was happy with the current vendor. Interim Assistant General Manager Williams responded yes.

Following, Interim Deputy General Manager Underwood recognized Mr. John Sullivan and Nicole Naassan, E Source, to present the Advanced Metering Infrastructure (AMI) Phase One Update. Ms. Naassan gave an overview on the AMI project. She stated E Source presented the AMI Assessment and Business case to the Executive Committee on September 24, 2024, which included a comprehensive financial analysis and three implementation scenarios. She stated feedback was received from the Executive Committee. Ms. Naassan said E Source discussed the following three scenarios because BWW current SAP system needed to be upgraded to sequence with AMI: Scenario 1 - Sequential information, Scenario 2 - Accelerated Meter Deployment/Phased Systems Integration, and Scenario 3 - Coordinated AMI/SAP Design/Build; however, the feedback indicated that the three scenarios did not do what was needed. She said the direction from the Committee was for E Source and the BWW teams to conclude a path forward to make progress on SAP and AMI efforts while minimizing risk to both. Ms. Naassan stated one Assumption the team arrived at was determining what can be done on the AMI project that does not require integration with the existing SAP system. Per Ms. Naassan, another Assumption was to identify AMI activities that would not require a lot from the staff working on the SAP 4HANA. She indicated that those Assumptions set the foundation for the AMI Roadmap. The AMI Roadmap consists of (1) SAP 4HANA Migration (2) BWW Field Remediation and Meter Deployment Activities (3) AMI Phase One Procurement and Organizational Design and Planning (4) AMI Phase Two – Design/Build/Test and (5) AMI Phase Three -Full Deployment. Following, she discussed the AMI activities during SAP 4HANA, three of which are field type activities such as, installing meters, installing endpoints, and setting up an AMI network, with the remaining activities consisting of AMI vendor to Standup AMI Headed Software (HES), and bench meter testing. In conclusion, Ms. Naassan said the next steps will be to confirm Board approval of the roadmap, proceed with the procurement tasks and develop the proposed AMI program structure. Director Munchus asked whether someone in-house had been identified as the Program Manager. Interim Deputy General Manager Underwood commented that he would be taking the lead on the project. Afterwards, Attorney Parnell asked Chairwoman Huffman if directions were needed or if the Board had any questions regarding the AMI project. Chairwoman Huffman stated at the Executive Committee Meeting, she requested for an AMI presentation and that a recommendation be presented to the Board to vote on. Chairwoman Huffman said she echoes Commissioner Tyson, in wanting the AMI project to move forward by the beginning of the year with real movement on this project. Next, she asked E Source, with the support of staff, to provide a recommendation. Interim Deputy General Manager Underwood said that there is money in the budget to fund the start of the AMI project. He recommended that the Board approve E Source to move forward with the procurement process for the AMI project. A motion was called to vote on said item. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Ms. Tereshia Q. Huffman and seconded by Mr. Carl Dalton NeSmith, that the Board hereby approves E Source to move forward with the procurement process for the

Advanced Metering Infrastructure (AMI) Project. Resolution No. 9642 is hereby adopted by unanimous vote.”

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Director Munchus asked how much is in the budget for 2025 regarding the AMI project. Interim Deputy General Manager Underwood responded there is \$10,000,000.00 in the budget. Also, Director Munchus asked whether the money would all be expensed, would there be another request for funds in 2026, 2027 and if staff had a five-year capital budget plan. Interim Deputy General Manager Underwood responded yes. He said there is a capital program and a plan for a five-year implementation. Per Interim Deputy General Manager Underwood, the funds will help get the AMI project procurement started. He stated the funds that will be spent this year, are the funds the Board already approved for E Source; however, AMI compatible meters and pigtails are expected to be ordered next year. Director Munchus asked whether \$10,000,000.00 would be sufficient for 2025, which Interim Deputy General Manager Underwood answered yes. Following, Director Taylor asked about the size of the pilot sites or the number of pilot sites for the project. Ms. Naassan responded that the pilot sites number is to be determined; however, they recommend three to five percent. She said the pilot sites are part of the planning process but was not specified in the assessment process, which was necessary for them to move to a point where all the software stood up and all integrations and testing would be in place. Ms. Naassan said a decision regarding the pilot sites will be made on the other side of the procurement. Director Taylor asked whether there will be scattered pilot sites or will the pilot sites be concentrated in one area. Ms. Naassan responded testing is needed before she will know. Interim Deputy General Manager Underwood said there have been discussions on doing pilot sites by rural or inter-city routes. Director Blankenship asked whether BWB had any existing smart meters already in place for the AMI project. Interim Deputy General Manager Underwood responded that all residential meters would need to be replaced. He said as meters break or stop registering, AMI compatible meters will be installed. Per Interim Deputy General Manager Underwood, once the project starts, the location of the AMI compatible meters installed will be revisited to install the device required to read the meters. He said BWB’s larger meters (2-inch and above) are AMI compatible; however, they will need the communication device installed on them. Director Blankenship asked whether the large meters could be checked/read as the meter reader drives by them. Interim Deputy General Manager Underwood replied, BWB does not have any meters that can be read by driving by them at this time.

Next, Interim General Manager Jones moved to the next report, Request Board to hear a presentation on the Preliminary FY2025 Operations and Maintenance (O&M) Budget and the FY2025 Capital Budget. Interim Deputy General Manager Underwood began with an overview of the O&M Budget Agenda. Interim Deputy General Manager Underwood commented that he would be updating the Board on changes made to the budget since the last presentation. Interim Deputy General Manager Underwood said BWB’s budget needs are based on its Strategic Plan. He indicated individual meetings were held with certain departments and the focus was on individual line-item variances. Interim Deputy General Manager Underwood said the process was embraced by executive management and the leadership team. Next, he highlighted the following Key Budget Drivers: labor increase-general wage increase (GWI) and employee merit increase, chemical and power cost increase, lead and copper rule regulation implementation, Historically

Underutilized Business (HUB) participation enhancement, procure Advanced Metering Infrastructure, and funding O&M and Capital Budgets. He indicated that the FY2024 approved budget was \$132,003,956.00, which was revised to \$137,131,476.00 because of the O&M Overhead Allocation Study done by Raftelis Financial Consultants. He said it resulted in a \$5,127,521.00 additional operating expense. Interim Deputy General Manager Underwood stated that proposed recommended budget for FY2025 is \$142,479,982.00. He said there is a 7.94% increase from the FY2024 Approved Budget in comparison to the FY2025 Proposed Budget. Next, Interim Deputy General Manager Underwood highlighted the O&M Summary by Expense Category (Top 10). He stated the net budget for 2024 was \$132,003,956.00, and the net budget for 2025 is \$142,479,982.00. Interim Deputy General Manager Underwood said the Regular Salary for FY2025 is \$51,626,078. He said the Gross Labor for FY2025 consists of the Regular Salary, General Wage Increase (GWI), Overtime, Merit and Longevity with a Total Budget amount for FY2025 of \$61,122,675.00. Per Interim Deputy General Manager Underwood, the total Full-time Employees (FTE) for FY2024 was 725.44 and 727 for year 2025; however, that number has been reduced by three (3), which is less than the prior year. Next, he discussed the 2025 Projection Considerations. He said based on historical trends per capita demand; the consumption is slightly declining each year. Also, Interim Deputy General Manager Underwood indicated that BWW has a residential rate structure based on cost-of-service results. Next, he referenced several other projection related presentation slides, then proceeded to Residential (All Blocks) Projection. Interim Deputy General Manager Underwood said the Residential (All Blocks) Projection indicates a five-year trend of consumption going down each year at 0.91% and that the Non-Residential Projection indicates a five-year trend at 1.79% increase. He stated the Wholesale Projection indicates a five-year trend of a 0.44% decrease. He stated BWW has entered into a new agreement with Helena, which adds a new wholesale customer at 40,000 ccf per year. Interim Deputy General Manager Underwood said the Raw Water Projection five-year trend indicates a 0.43% increase. He said the 2025 Initial consumption projection is developed from all the referenced projections. Interim Deputy General Manager Underwood said the FY2025 Budget remained the same as the FY2025 Budget – Old Structure, as there were no material changes. Following, Interim Deputy General Manager Underwood discussed Volumetric Rate Changes for 2025. He highlighted the Actual 2024 and Projected 2025 Volumetric Rate Changes for residential, nonresidential, wholesale, and raw water customers. Interim Deputy General Manager Underwood made a reference to the Base Charge Rate Changes for 2025 and proceeded to the Municipal and Public Fire Hydrant Fees. He stated the Cost-of-Service Study indicated BWWB was over recovering on said fees; therefore, these fees will be held constant for next five years and will not increase. Next, he referenced the Historical Rate Trends graph and moved to Assumed Customer Impacts. Interim Deputy General Manager Underwood said the Assumed Customer Impacts is based on a 5/8-inch meter and 6 ccf (4,500 gallons) of usage per month. He said a \$49.96 monthly water bill would increase to \$52.10, which is a \$2.14 impact to a customer's monthly bill. Also, Interim Deputy General Manager Underwood discussed the 2025 Volumetric Revenue Projections. He stated the 2024 Actual Volumetric Revenue Projections is \$128,940,926.00 and the 2025 Budget-New Structure revenue is \$133,155,550.00, which is an increase of \$4,214,624.00. Interim Deputy General Manager Underwood highlighted the 2025 Total Revenue Projections and indicated that the 2024 actual total revenue is \$229,618,266.00 and the 2025 budget is \$238,135,869.00. Next, he highlighted BWW Financial Goals and Policies, which consists of rate increases, O&M increases, and PAYGO. Interim Deputy General Manager Underwood said that during a previous rate increase discussion, the 2025 rate increase was

projected to be 5.8% due to the initial budget; however, slight changes were made to the budget, which reduced the projected rate increase to 4.9% for 2025. He indicated that excess capital reserve funds were a key factor that impacted the rate reduction and that BWB's funding and reserve policies were changed to accommodate the result. Per Interim Deputy General Manager Underwood, the PAYGO Capital Reserve will be maintained at 35 percent through 2029. He said the Capital Budget for this year is approximately \$83,000,000.00 or \$84,000,000.00, but next year it will be approximately \$115,000,000.00. Interim Deputy General Manager Underwood said this policy is changed by increasing the reserves. He said a solid AA funded company would have 240 days of cash on hand. He indicated BWB currently has 296 projected days of cash on hand through December 31, 2024; therefore, the number of days for cash on hand can be lowered. Per Interim Deputy General Manager Underwood, a good financial rating can still be maintained, and all the Board's goals can still be accomplished with a reduced number of days for cash on hand. Afterwards, he referenced the RSE Targets presentation and proceeded to Debt Service Coverage. He indicated that the 2025 projected 4.9 percent column shows a senior debt service coverage ratio of 1.50 compared to the minimum 1.35 ratio, and that the total debt service coverage ratio is 1.48 compared to the minimum 1.10 ratio. He said the debt service coverage is in good standing. Following, Interim Deputy General Manager Underwood reviewed the Five (5) Year Revenue Projection and indicated that the projected senior and total debt service coverage was also in good condition.

Next, Interim Deputy General Manager Underwood presented the FY2025 Preliminary Capital Budget. He said primarily there were no changes to the FY2025 Capital Budget. Interim Deputy General Manager Underwood stated the FY2025 Total Capital Budget is \$115,630,710.00. He indicated that the three Filter Plant Projects are Putnam Filter Plant (PFP) budgeted at \$1,000,000.00, Shades Mountain Filter Plant (SMFP) budgeted at \$5,000,000.00, and Western Filter Plant (WFP) budgeted at \$7,000,000.00. Also, he said the Raw Water & Distribution Projects consist of Lake Purdy Dam Stability Rehabilitation budgeted at \$22,000,000.00, Inland Lake Pump Station and Transmission Line budgeted at \$250,000.00, and Highway 79/Kiowa Road Distribution Update budgeted at \$13,000,000.00. He indicated that the Lake Purdy Dam Stability Rehabilitation Project and the Highway 79/Kiowa Road Distribution Update started in 2024. He said additional projects consist of the Envirolab Building, AMI Procurement and Implementation, Main Office HVAC Replacement, and SAP 4HANA Implementation and Annual Updates. He indicated to Director Munchus that the SAP 4HANA project is budgeted at \$7,000,000.00 for FY2025 and \$3,000,000.00 is projected for FY2026. Next, Interim Deputy General Manager Underwood discussed the budget categories. He said the Maintenance and Repairs budget line item 1K is budgeted at \$3,000,000.00 for Main and Service Line Replacement, which includes a \$1,000,000.00 for Leak Related Paving Repairs. Also, he indicated that budget line item 3 – Transportation Equipment, was increased from \$2,000,000.00 (last year's budget) to \$3,000,000.00 for FY2025. He said the combined referenced projects make up the \$115,630,710.00 for FY2025 budget. Afterwards, Interim Deputy General Manager Underwood discussed the Top Five Budgeted Projects for FY2025. He stated the top five projects driving the FY2025 budget is SAP 4HANA and AMI Procurement and Implementation budgeted at \$20,000,000.00; Kiowa Road Distribution Improvement budgeted at \$13,000,000.00, Lake Purdy Dam Rehabilitation budgeted at \$22,000,000.00, Putnam Filter Plant and Western Filter Plant Sodium Hypochlorite, Liquid Lime, and Electrical budgeted at \$20,100,000.00. Interim Deputy General Manager Underwood said the Top-Five projects are a combined total of \$83.1 million,



which is 71.9% of the Capital Budget. Interim Deputy General Manager Underwood concluded his presentations of FY2025 budgets. Director Munchus indicated he had a question regarding page 19 and asked whether the presentation would be available online to the public. Interim General Manager Jones responded that it was too early to place the information online because another meeting was scheduled to be held on October 28, 2024. Afterwards, Director Munchus said the Impact to Customer presentation slide indicated a \$2.14 increase, and asked if an earlier presentation indicated a \$1.41 increase. Interim Deputy General Manager Underwood responded there was a minor change due to changing the block rate structure; however, the previous rate was approximate a \$1.89 or \$1.90 increase. Interim General Manager Jones confirmed that the rate is \$2.14 for a customer based on 6 ccf and a 5/8-inch meter. Director Blankenship asked what percentage of the reserve would be impacted. Interim Deputy General Manager Underwood answered \$2,200,000.00. He stated the reserve fund policy states BWW cannot use more than 25 percent of the current year reserves in reducing the rates. Attorney Parnell stated that it requires affirmative action by the Board and cannot be changed by staff. Per Attorney Parnell, staff would have to present the item to the Board for their consideration. Also, he said Raftelis Financial Consultants would have to certify the funds were available. Interim Deputy General Manager Underwood stated that Raftelis Financial Advisors and Terminus Municipal Advisors agrees that this is a good process/policy. He said any changes would have to be approved by the Board. Attorney Parnell asked the Directors if they had any questions. Attorney Parnell said the Board meeting scheduled for Monday, October 28, 2024, was asked to be held because he was being cautious and concerned about the Board having adequate time to process all the information. He asked Senior Management if they recommended the proposed FY2025 O&M and Capital Budgets and, Senior Management responded yes. Next, Attorney Parnell asked Directors and Senior Management whether they expected changes to the FY2025 Proposed budgets that has been presented, and they responded no. Attorney Parnell stated that a proposed budget needs to be approved before the Public Hearing and if there are no changes between now and Monday, October 28, 2024, then he did not see a reason to have the referenced Board meeting. He said there are items relative to the budget that will need approval; however, they can be approved at the November 4, 2024, Public Hearing and Regular Board of Directors' Meeting, such as the Financial Policy, Merit Pay Policy, and Cost of Service Study. He stated that if the Board does not want to have the October 28, 2024, meeting, he is comfortable with the decision. Following, a motion was made to approve the proposed Preliminary FY2025 Operating & Maintenance and FY2025 Capital Budgets. Attorney Parnell clarified Directors were preliminary approving the budgets for the Public Hearing. He stated Directors will still receive input from the public, which may or may not lead to changes. Attorney Parnell stated Directors will officially approve the final referenced budgets on or after, the November 4, 2024, Public Hearing. Director Munchus asked that his abstention be noted. Following, Director Blankenship asked to have a copy of the PAYGO Capital Reserve Policy emailed. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Ms. Tereshia Q. Huffman and seconded by Mr. Carl Dalton NeSmith, that the Board hereby approves Pursuant to Ala. Code § 11-50-303(c) (1975), the presented proposed Preliminary FY2025 Operations and Maintenance Budget and the proposed Preliminary FY2025 Capital Budget, at which time the Board will consider taking action to approve said budgets, either at that meeting following the public hearing or at a subsequent board of directors

meeting, 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. Resolution No. 9643 is hereby adopted by Directors Blankenship, Burbage, Huffman, Henderson, Nesmith, Taylor, and Ward; and Director Munchus abstained.”

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Following, the Board moved to the second item on the agenda, Request Board to adopt a resolution expressing its condolences in the death of Andrew Jackson Robinson, IV, former BWW Young Water Ambassador that passed away on Sunday, October 13, 2024. The Interim General Manager stated Mr. Robinson was the son of former Board member, Jackie Robinson. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. George Munchus and seconded by Ms. Tereshia Q. Huffman, that the Board hereby adopt a resolution expressing its condolences in the death of Andrew Jackson Robinson, IV, former BWW Young Water Ambassador, that passed away on Sunday, October 13, 2024. Resolution No. 9644 is hereby adopted by unanimous vote.”

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Following, the Board moved to the third item on the agenda, Request Board to approve payment of invoices. Director Munchus asked that his abstention be noted on items 3.1, and no for items 3.3, 3.5, 3.6, and 3.8. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Ms. Tereshia Q. Huffman and seconded by Mr. Thomas E. Henderson, that the Board hereby authorizes staff to execute payments to the following:

- 3.1 BHM Law Group, LLC, for professional services rendered October 1, 2024 through October 15, 2024 in the amount of \$11,790.00.
- 3.2 Birmingham Business Resource Center, for professional services rendered September 2024 in the amount of \$ 20,000.00.
- 3.3 May Law Group, LLC, for professional services rendered September 2024 in the amount of \$25,080.00.
- 3.4 CBG Strategies, LLC, for professional services rendered September 2024 in the amount of \$25,350.00.
- 3.5 Kelvin W. Howard, LLC, for professional services rendered September 2024 in the amount of \$27,180.00.

- 3.6 The Law Office of Bobby L. Davis, LLC, for professional services rendered September 2024 in the amount of \$30,535.44.
- 3.7 Raftelis Financial Consultants, Inc., for professional services rendered September 2024 in the amount of \$53,723.64.
- 3.8 Parnell Thompson, LLC, for professional services rendered September 2024 in the amount of \$54,015.00.
- 3.9 ARCADIS U.S., Inc., for professional services rendered July 2024, in the amount of \$316,263.85.

Resolution No. 9645 is hereby adopted by Directors Burbage, Huffman, Henderson, Nesmith, Taylor, and Ward; Director Blankenship voted no, and Director Munchus abstained on item 3.1, and he voted no on items 3.3, 3.5, 3.6, and 3.8.”

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Next, the Board moved to the fourth item on the agenda. Director Blankenship asked if all items could be voted together, except for the item that was asked to be tabled. Interim General Manager Jones clarified that the requested items to be voted on together were 4.1 through 5.3.1, which is to Request Board to approve the items recommended by the Engineering and Maintenance Committee, and to Request Board to approve the items recommended by the Executive Committee. On a motion duly made and seconded, the following resolutions were adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Lucien Blankenship and seconded by Mr. Carl Dalton NeSmith, that the Board hereby authorizes staff to execute purchase orders and/or contracts for procurement of materials, services and supplies needed for the operation, construction, and maintenance of the water system to the following, as recommended by the Engineering and Maintenance Committee:

- 4.1.1 Gillespie Construction, LLC, the lowest responsible and responsive bidder, for the relocation of Water Board facilities in conflict with City of Birmingham/City of Mountain Brook/ ALDOT Project No. CMAQ-3715(266) for Intersection Improvements (Roundabout) at Cahaba Road, Culver Road, and Lane Park Road Intersection. This project includes the installation of approximately 550’ of 20” DICL pipe; 210’ of 8” DICL pipe; and jack & bore across Cahaba Road / U.S. Highway 280 offramp and related appurtenances in the City of Birmingham/City of Mountain Brook, at bid amount of \$627,110.00; plus estimated cost of materials and Water Board labor in the amount of \$290,036.74; less ALDOT reimbursement totaling \$917,146.74, at an out-of-pocket cost to the Board of \$0.00; and to authorize the Interim General Manager and/or the Assistant General Manager to execute the agreement.
- 4.1.2 Kazmier and Associates, the lowest responsible and responsive bidder, for estimated annual quantities of Non-Intrusive Ultrasonic Flow Meters, at an estimated out-of-

pocket cost to the Board of \$39,708.00; and to authorize the Interim General Manager and/or the Assistant General Manager to execute the agreement.

- 4.1.3 Mississippi Lime Company, the sole bidder, for estimated quantities of Bulk Hydrated Lime, for a \$0.1806 per pound cost, effective January 1, 2025, through December 31, 2025, at an estimated out-of-pocket cost to the Board of \$207,148.20; and to authorize the Interim General Manager and/or the Assistant General Manager to execute the agreement.
- 4.1.4 BSE Industrial Contractors, Inc., the lowest responsible and responsive bidder, for repairs to the traveling screens at CPS, at an estimated out-of-pocket cost to the Board of \$567,150.00; and to authorize the Interim General Manager and/or the Assistant General Manager to execute the agreement.
- 4.1.5 Ferguson Waterworks, the lowest responsible and responsive bidder, for estimated annual quantities of Fire Hydrants, for use throughout the BWW service area, at an estimated out-of-pocket cost the Board of \$675,802.94; and to authorize the Interim General Manager and/or the Interim Assistant General Manager to execute the agreement.
- 4.1.6 Gillespie Construction, LLC, the lowest responsible and responsive bidder, for the installation of approximately 8,730’ of 12” DICL pipe; 120’ of 8” DICL pipe; directional drilling HDPE pipe at Crooked Creek crossing and related appurtenances; and three (3) water services in unincorporated Jefferson County, at a bid amount of \$4,216,375.00; plus estimated cost of materials and Water Board labor in the amount of \$1,625,118.21; less Jefferson County ARPA funding contribution of \$2,000,000.00; at an estimated out-of-pocket cost to the Board of \$3,841,493.21; and to authorize the Interim General Manager and/or the Assistant General Manager to execute the agreement.

Resolution No. 9646.4.1 is hereby adopted by unanimous vote.”

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“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Lucien Blankenship and seconded by Mr. Carl Dalton NeSmith, that the Board hereby approves expenditures with the following, as recommended by the Engineering and Maintenance Committee:

- 4.2.1 Wiese USA, for the purchase of one Caterpillar GP25N7 Forklift, to be used by the Warehouse, at an estimated out-of-pocket cost to the Board of \$35,833.00; and to authorize the Interim General Manager and/or the Interim Assistant General Manager to execute applicable purchase orders.
- 4.2.2 Drala Project, Inc. dba and The Redesign Group, for the Birmingham Water Works (BWW) Data Storage equipment, PowerSource 1200T, which includes a warranty for hardware, labor, maintenance updates and configuration support during the

period of January 1, 2025, through December 31, 2028, at a total out-of-pocket cost to the Board of \$157,796.00; and to authorize the Interim General Manager and/or the Interim Assistant General Manager to execute the agreements.

Resolution No. 9646.4.2 is hereby adopted by unanimous vote.”

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“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Lucien Blankenship and seconded by Mr. Carl Dalton NeSmith, that the Board hereby approves a scope of services for the following, as recommended by the Engineering and Maintenance Committee:

- 4.3.1 Bhate Geosciences Corporation, for Materials Testing and Lab Testing Services during the construction phase of Lake Purdy Dam Rehabilitation Project; at an out-of-pocket cost to the Board of \$266,800.00; and to authorize the Interim General Manager and/or the Assistant General Manager to execute the agreement.
- 4.3.2 TTL, Inc., for environmental compliance oversight services during the construction phase of Lake Purdy Dam Rehabilitation Project; at an out-of-pocket cost to the Board of \$495,500.00; and to authorize the Interim General Manager and/or the Assistant General Manager to execute the agreement.

Resolution No. 9646.4.3 is hereby adopted by unanimous vote.”

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“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Lucien Blankenship and seconded by Mr. Carl Dalton NeSmith, that the Board hereby approves to consider removing 2431 Crest Drive from the list of surplus properties; and to require E911 to enter into an agreement for the use of the property. Resolution No. 9646.4.4 is hereby adopted by unanimous vote.”

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“BE IT RESOLVED By the Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Lucien Blankenship and seconded by Mr. Carl Dalton NeSmith that the Board hereby approves the following agreements, as recommended by the Executive Committee:

- 5.1.1 Terminus Municipal Advisors, LLC, to continue to serve as the Financial Advisor (Independent Register Municipal Advisor – IRMA), effective January 1, 2025 through December 31, 2025; and to authorize the Interim General Manager and/or the Interim Assistant General Manager to execute the agreement.

- 5.1.2 Carr, Riggs & Ingram, CPAs and Advisors, to continue to conduct the 2024 Financial Statement Audit, effective January 1, 2025 through December 31, 2025; and to authorize the Interim General Manager and/or the Interim Assistant General Manager to execute the agreement.
- 5.1.3 Morgan Stanley, to continue to serve as the Investment Advisor, effective January 1, 2025 through December 31, 2025; and to authorize the Interim General Manager and/or the Interim Assistant General Manager to execute the agreement.
- 5.1.4 Sheppard Harris & Associates, P.C., to continue to perform the FY2024 Pension Audit and the FY2024 Other Post Employment Benefits (OPEB) Audit, effective January 1, 2025 through December 31, 2025; and to authorize the Interim General Manager and/or the Interim Assistant General Manager to execute the agreement.

Resolution No. 9646.5.1 is hereby adopted by unanimous vote.”

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“WHEREAS, pursuant to Resolution No. 8908, The Water Works Board of the City of Birmingham has established its Community Educational Program (the “Program”); and,

WHEREAS, pursuant to the Program, the Water Works Board may participate in events and functions if the Water Works Board’s participation: protects its water sources and its consuming public; obtains optimum utility management, improves water quality and system reliability; improves reliability of high-quality water; provides educational, scientific and technological information about the Water Works Board to its consuming public; ensures access to and the wise use of water resources and the protection of the environment; and, engages in such activities that are beneficial to the entire water system and that are otherwise necessary, appropriate and consistent with the Water Works Board’s corporate powers (all of which is hereinafter referred to as “Corporate Purposes”); and,

WHEREAS, under the Program, the Water Works Board has identified non-ratepayer funding that may be used for funding the Program (the “Funds”); and,

WHEREAS, on October 22-23, 2024, the Music Speaks Louder than Words Foundation will host the Alabama Black Women’s Roundtable that will have a beneficial impact on the Water Works Board’s service area; and,

WHEREAS, the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable presents the Water Works Board with an opportunity to accomplish its Corporate Purposes; and,

WHEREAS, the Water Works Board desires, subject to the below, to sponsor the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable in a way that will accomplish the Water Works Board’s Corporate Purposes.

NOW THEREFORE, BE IT RESOLVED on a motion made Mr. Lucien Blankenship and seconded by Mr. Carl Dalton NeSmith as follows:

1. It is hereby found and declared that the Water Works Board’s participation in the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable will accomplish its Corporate Purposes. Specifically, the Water Works Board’s participation in the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable will allow it to: provide educational information about the Water Works Board to its consuming public; help ensure access to and the wise use of water resources; have signage and distribute educational materials about the positive role that drinking water has on a person’s health; and, otherwise engage in activities that are beneficial to the entire water system and is appropriate and consistent with the Water Works Board’s corporate powers.

2. That the Interim General Manager is authorized and instructed to take such steps as is necessary to sponsor the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable. Such sponsorship shall include the Water Works Board accomplishing the Corporate purposes set forth above.

3. The sponsorship shall not exceed \$10,000.00 and shall be paid from the Funds. Furthermore, any and all expenses incurred by the Water Works Board such as employee time and educational materials shall also only be paid from the Funds.

Resolution No. 9646.5.2 is hereby adopted by unanimous vote.”

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“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Lucien Blankenship and seconded by Mr. Carl Dalton NeSmith, that the Board hereby authorizes staff to execute payments to the following, as recommended by the Executive Committee:

5.3.1 Message Point Media, to provide services for BWWB-TV in the amount of \$46,250.00.

Resolution No. 9646.5.3.1 is hereby adopted by unanimous vote.”

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Subsequently, Attorney Parnell stated there is an insurance item that must be approved before the end of this month. He stated Philip Moultrie, Valent Group, was present if the Board wanted to consider adding said item to the agenda. Attorney Parnell stated it would take unanimous consent to add the item to the agenda or he would have to certify the item, because it cannot wait. He indicated that the Board has the information regarding the Property and Liability Insurance and that Mr. Moultrie can give an explanation regarding the item. Also, Attorney Parnell said a motion needed to be made to amend the agenda to add the item. Following, he asked Mr. Moultrie to give the Board the difference in the total premiums. Attorney Parnell said the final property and liability

insurance cost will go into the budget. Director Munchus asked where to get the information because he did not have it. Attorney Parnell responded that the insurance information can be sent to whomever does not have the information. Next, Mr. Moultrie stated that the expiring premium on the program total for the 2023 to 2024 insurance policy year is \$3,852,957.00. He said the amount budgeted for FY2025 was \$4,376,000.00, and that the actual cost with minor tweaks pending is \$4,012,229.00. Mr. Moultrie said the final cost for the insurance is pending because BWW is in the process of adding several vehicles to its fleet, which will have an impact on the bottom-line number. Director Blankenship made a motion to approve the insurance with the condition of tweaks covering the vehicles. Attorney Parnell suggested adding a not-to-exceed amount. Mr. Moultrie indicated a not-to-exceed amount was possible. Mr. Moultrie said based on the information he has received, adding \$30,000.00 to \$35,000.00 for the additional vehicles, should be sufficient. Attorney Parnell stated for the records that he has reviewed, and he recommends the property and liability insurance item. Interim General Manager Jones stated senior management has reviewed the insurance item, also. Mr. Moultrie commented that there were some outstanding decisions on maintaining the upper limit and purchasing, however, the information presented is the way the program is structured. Attorney Parnell clarified that there was a question on whether the Board needed as much liability insurance coverage. He said ultimately, it may not be recommended; however, it will only reduce the cost, it will not increase it. On a motion duly made and seconded, the following resolutions were adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Larry Ward, and seconded by Mr. Lucien B. Blankenship, that the Board hereby amends the Regular Board of Directors’ Meeting Agenda by adding the Board’s Property and Liability Insurance Plan (the Plan). Resolution No. 9647 is hereby adopted by unanimous vote.”

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“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Lucien B. Blankenship and seconded by Ms. Mashonda S. Taylor, that the Board hereby approves the Board’s Property and Liability Insurance Plan (the Plan) for November 1, 2024 to October 31, 2025 at an amount not to exceed \$4,012,229.00 and payment of an Agency fee to Valent Group, LLC., in the amount of \$150,000.00 for broker of record services related to the Plan, at a total cost not to exceed \$4,162,229.00; and authorize the Interim General Manager and/or the Interim/Assistant General Manager to execute any necessary documents. Resolution No. 9648 is hereby adopted by unanimous vote.”

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As there was no further business before the Board, Chairwoman Huffman made a motion to adjourn the meeting and Director Taylor seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting adjourned at 12:53 p.m.



\_\_\_\_\_/s/  
Tereshia Q. Huffman  
Chairwoman

Attest:

\_\_\_\_\_/s/  
Larry Ward  
Secretary-Treasurer