

**MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
August 28, 2024**

A Human Resources Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, August 28, 2024, at 12:44 p.m., immediately after the Regular Board of Directors' Meeting, at 3600 First Avenue North, Birmingham, Alabama.

The following Committee members were present: Directors William "Butch" Burbage, Jr. (Committee Chairman), Thomas E. Henderson and Mashonda S. Taylor. Director Munchus was also present.

Others present were: Darryl Jones, Interim General Manager; Philip King and Derrick Murphy, Assistant General Managers; Cynthia Williams, Board Administrator; Anitra Clark, Corporate Governance Specialist, Vanessa Washington, Executive Assistant; Colandus Mason, Paul Lloyd, Platon Crowell, Joyce Dupree, Jeremy Ervin, Marilyn Vertison, Rosalind Jones, Cassandra Bell, Rick Jackson, Joi Dulaney, Jeff Wade, Charles McGee, Derrick Maye, Anthony Hazel, and David Walker, BWB Employees; Barry Williams, BWB Consultant; Mac Underwood, Underwood Financial Consultants, LLC; K. Mark Parnell, Parnell Thompson Law, LLC; Cynthia May, May Law Group, LLC; Olivia Martin, State of Alabama Attorney General's Office; Charles Wilkinson, Human Resource Management Inc; Mark Niblett, Bethany Pressley, and Bonnie Huckaby, Insurance Office of America; and Peiffer Brandt and Ben Heaton, Raftelis Financial Consultants, Inc.

Inasmuch as all Committee members were present, a quorum was declared in attendance. Committee Chairman Burbage called the meeting to order at 12:44 p.m., and Interim General Manager Jones opened the meeting with prayer.

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

Following, the Committee proceeded to the first item on the agenda, Request Committee to approve minutes of the Human Resources Committee Meeting held April 24, 2024. Director Henderson made a motion to approve the minutes and Director Taylor seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Next, the Committee proceeded to Reports of Officers. The Committee then proceeded to the General Manager/Assistant General Manager(s) Report, Request Committee to Hear a Report on the Salary Administration Plan Update project. Interim General Manager Jones recognized Paul Lloyd, Human Resources Manager, and Charles Wilkinson, Human Resource Management (HRM), to give an update on the Salary Administration Plan. Mr. Lloyd began the Salary Administration update with an overview. He stated the Salary Administration Plan has not been updated since 2003; however, the Committee approved staff to work with HRM in March 2024 to update the plan. Afterwards, Mr. Lloyd recognized Mr. Wilkinson to update the Committee on the status of the Salary Administration Plan. Mr. Wilkinson stated the project is 80 percent to 90 percent complete. Mr. Wilkinson said multiple meetings have been held between him, his consultants, BWB Executive Leadership, Human Resources Department, and the Chair and Vice Chair of the Employee Association. He stated

he received feedback and there are approximately eight to ten topics left to review, and then a final report will be given to Human Resources. Mr. Wilkinson said the goal is to have this information to the Human Resources Committee by October 2024. Mr. Parnell stated that the Board put a new salary schedule in place last year, which did not coincide with the Salary Administration Plan. He said staff was asked to develop a way for the salary schedule to work with the current Salary Administration Plan. Mr. Parnell stated when the salary schedule was approved in September 2023, staff was asked to bring forth a plan to renew the Salary Administration Plan, which needed to be completed by April 30, 2024. He indicated the April 30, 2024, deadline has not been met and the directive stated this plan needed to be completed before the budget process. Mr. Parnell stated that a new deadline needs to be set and that the same process from last year regarding renewing the Salary Administration Plan to comply with the new salary schedule will have to be performed this year, as staff go through the budget process in determining merit pay. Mr. Parnell said the information presented to the Committee was not an update on Salary Administration Plan. He said it was information on where staff is in the process. Mr. Parnell stated that staff needs to go through the report and explain to the Board how the new Salary Administration Plan complies with the new salary schedule and the changes made. He stated since staff missed the deadline, he recommends the Board determines what needs to happen with the Salary Administration Plan project. Committee Chairman Burbage said his concern is that Accounting is already working on the 2025 budget. He stated if budget presentations are not presented until October 2024, it will be hard to see next year's budget impact with information that will not be presented until October, resulting in a year's delay. He said the purpose of the budget process is to have all information together to be included in the budget process itself. Mr. Parnell indicated the purpose of the April 30, 2024 was to have all the information together for the budget. He stated that new Salary Plan update process will need to be done the same as it was done last year, which is not a good way to do things. Mr. Parnell stated it is clear the Salary Administration plan changes/updates will not be completed in time for this year's budget. He said the Board will need to set a new deadline and change the April 30, 2024, deadline because there is a directive on the records. Director Taylor commented that the deadline was in April; it is now August, and the missed deadline was not flagged until recently. She questioned as to how the BWB will make sure it does not have to go through the same thing again next year. Director Taylor stated it is budget season and the Salary Administration Plan is still without an accurate salary schedule. She asked who is going to track this deadline moving forward, how can the Board be updated on the progress, and the ramifications of the delay. Mr. Parnell stated staff needs to answer the question; however, the ramifications are that the same process from last year for updating the Salary Administration Plan would need to be done the same for this year. He indicated a resolution will need to be passed setting the process in place. Mr. Parnell stated that it is not good practice to do this in this manner, because the Board has a policy that needs to be followed. He stated a process will need to be in place before moving to the next budget process. Director Henderson asked whether this affects the work Raftelis will perform, and whether the latest changes can be made in the budget. Mr. Brandt, Raftelis Financial Consultants, responded that the Cost of Services Study is not affected. Interim General Manager Jones said the Salary Administration Plan includes details regarding pay for different classes and how internal processes will be followed. He said the total dollar amount will not have a direct impact to the budget; however, it does affect the process of administering the Salary Administration Plan throughout the organization, such as payments made in the salary plan, promoting, etc. Director Taylor asked if something could be passed after the budget is completed. Interim General Manager Jones said based on the way the budget is setup for labor expenses with the Salary Administration plan, that pool of money will be passed through in the budget process; therefore, the way we manage through it in the Salary Administration plan can happen after the budget. Mr. Parnell stated he will send the resolution passed last year that states how much people would get paid in relation to salary increases. Mr. Parnell stated information

regarding the Salary Administration Plan changes will not be used for the 2025 budget, such as merit increases. Director Henderson asked whether an accountability clause could be added. Board Attorney Parnell responded that there was an accountability clause last year; but it may not be necessary this time. He indicated the accountability clause could be added. Mr. Lloyd stated the Committee supplied feedback, last year regarding a method used to administer merit and general wage increases and it will be the recommended process going forward. Mr. Lloyd stated he and his team can model out the general wage and merit increases. He said they can provide a close projected budget cost for the budget. Committee Chairman Burbage gave a recap on his understanding of the situation. He stated the April 30, 2024, deadline was missed, Salary Administration Plan process is only approximately 80 percent complete, and the process will not be completed in time for the budget; therefore, staff must perform the same process as last year. Committee Chairman Burbage asked Mr. Parnell and management to get together on the process to present at a Human Resources Committee meeting. Committee Chairman Burbage expressed concerns about the deadline and what happens if the deadline is missed again. He asked what the consequence will be, and asked his fellow Committee members for a recommendation should this situation reoccur. He stated this has been ongoing, and in this new era, they want people to be held accountable for what they are required to do. He stated Interim General Manager Jones is holding staff accountable, as well as the Assistant General Managers. Committee Chairman Burbage said accountability is necessary for the company to move forward. Committee Chairman Burbage stated that his directive is to get the process together and place a deadline on it. He said the people involved in the process should choose the deadline date and as the Interim General Manager, Mr. Jones should have a say on the matter. Interim General Manager Jones responded that he would provide a deadline at the next Human Resources Committee meeting.

Following, the Committee proceeded to the second item on the agenda, as set forth in item 2.1, Request Committee to Hear an Update on Staffing regarding Vacancies and Business Reasons for Using External Recruiting Firms, and Talent Acquisition and Retention Plan. Interim General Manager Jones then recognized Platon Crowell, Human Resources Talent Management Officer. Mr. Crowell referenced the distributed handout entitled "2024 Staffing Update for HR Committee (8/28/24)". A copy is on file in Diligent. He stated the handout outlines both agenda items. Mr. Crowell stated on January 1, 2024 there were 109 open positions and as of August 26, 2024 there were 74 open positions, which resulted in a 32 percent reduction to full time vacant positions. Mr. Crowell said following the Human Resources Department action plan has positively impacted their open positions and retaining talent. He indicated that the hiring and separation activity is as follows: 89 external hires, 49 internal promotions, 54 separations, and 35 staffing growth (external hires minus separations). Afterwards, he indicated the future hiring activity as follows: 5 candidates confirmed for September 9, 2024 new hire orientation, 2 candidates waiting on new hire background checks to be completed, and 9 final candidates in the approval process (4 external and 5 internal). Following, he gave an overview of the business needs for external recruiters. He stated there are two primary business reasons for using external recruiters. Mr. Crowell stated the first reason is due to certain difficult positions to fill, such as Information Technology, Engineering, Accounting, Purchasing etc. He stated that candidates in those areas are generally currently employed. The second reason is due to the workload and responsibilities of the Talent Management Team, such as recruiting, hires, employee relations, and investigations. Mr. Crowell stated another factor related to vacant positions is internal promotions. He said that when an internal candidate is selected to fill a vacant position, the process opens another vacant position. Afterwards, he gave update on the Talent Acquisition and Retention Action Plans. Mr. Crowell stated that the 32 percent reduction in full time vacant positions was impacted by several actions, which consisted of a career fair held March 2024, job posting time reduced back to six (6) business days from the current ten (10) business days, streamlining the Personnel Action Request Form (PARF) process by

removing some of the approval levels, internal mini-interview career fairs, and converting temporary employees to permanent roles for entry level positions. Committee Chairman Burbage inquired about section II, page 1 – the Hiring and Separation Activity. Hiring and Separation Activity indicates the following: 89 external hires, 49 internal promotions, 54 separations, and 35 staffing growth. He said 89 external hires minus 54 separations equals the 35-staffing growth. Committee Chairman Burbage asked why the 49 internal positions was not added to the number of staffing growth, which indicates 35 as the total number of available positions. Mr. Crowell responded that promoting internally gives a net of zero, because the position filled internally results in another internal position being vacant. Following, Mr. Parnell asked Mr. Crowell to review the External Recruiting Report (2020-2024 YTD) chart from the handout to explain the hirings from the external recruiting firms. He asked Mr. Crowell to answer how many people were hired, what was the cost to the Board, and how many of the people sent by the staffing firms are still at BWWB. Mr. Crowell responded that the cost for external recruiting firms in 2024 to date is \$192,912.00; however, the combined total cost to the Board from 2020 to 2024 is \$493,163.00 with a combined total of 24 positions filled. He stated 20 of the 24 candidates hired are still with the organization.

Following, the Committee proceeded to item 2.2, Request Committee to Recommend to the Board to Approve the Following Staffing Agreements; and to Authorize the Interim General Manager and/or the Assistant General Manager to execute the necessary documents: Agreements with InTime Staffing, Spherion Staffing, Robert Half Staffing, and Aerotek. Interim General Manager Jones requested Mr. Lloyd to discuss each agreement. Next, Mr. Lloyd gave an overview of each staffing firm. He stated that the company has worked with InTime Staffing and Spherion Staffing for some years and that they are the agencies that primarily provide temporary employees for Birmingham Water Works in positions related to Office/Clerical, Distribution, Meter Reading, and Plant Maintenance. Mr. Lloyd stated InTime Staffing allows their temporary employees to drive Birmingham Water Works vehicles, which is important for Distribution positions, but Spherion Staffing does not allow their temporary employees to drive Birmingham Water Works vehicles. Also, he stated Spherion Staffing is another source for office administration and plant maintenance jobs, in addition, Spherion Staffing offers direct placement. Mr. Lloyd stated that both agreements are renewals, and it has been requested these agreements be moved to one-year agreements as opposed to auto renewal agreements. Following, Mr. Lloyd gave an overview of Robert Half Staffing and Aerotek Staffing and stated they are new agreements. He stated Robert Half Staffing is commissioned based, and staff is recommending them due to the challenges of finding Purchasing and Accounting candidates. Mr. Lloyd stated that Aerotek Staffing is part of staff's Talent Retention and Action Plans. He stated Aerotek is being recommended to provide temporary staffing services and it replaces a previous temporary service. He said Aerotek will also allow their employees to drive Birmingham Water Works vehicles, which would be an additional source that provides that benefit. He stated this would help the company with positions such as meter readers and other positions that require driving. Director Taylor made a motion to recommend said item be moved to the full Board for approval, and Director Henderson seconded the motion. On a motion duly made and seconded, the item was approved by unanimous vote.

Next, the Committee proceeded to the third item on the agenda, Request Committee to Recommend to the Board to Approve the 2025 Health Insurance Plan to Include the Following Items; and to Authorize the Interim General Manager and/or the Assistant General Manager to Execute the Necessary Documents: BCBS Health Insurance Plan Designs and Employee and Under 65 Retiree Premium Rates (IWB retiree plan is grandfathered); 2025 COBRA Rates; Health Reimbursement Account (HRA) and Health Savings Account (HSA) incentive payments; Livongo to provide Diabetic and Hypertension Wellness Program Services at an estimated annual cost of \$34,000.00; HealthEquity

will provide Flexible Spending Account (FSA), HRA, and HSA administrative services at an estimated annual cost of \$47,557.00; Benefitfocus will provide COBRA administrative services at an estimated annual cost of \$5,948.00; and a three-year agreement or a one-year agreement (depending on the Committee's decision) with Vitality to provide Wellness Program Services effective January 1, 2025 through December 31, 2027, at an estimated annual cost of \$40,960.00 and an estimated total cost of \$122,880.00. Interim General Manager Jones stated that agenda item 3.7 is listed as a three-year agreement; however, if it is the pleasure of the Committee to do a one-year agreement, the dollar amount will change and there are discounts from choosing a one-year agreement. Interim General Manager Jones acknowledged Insurance Office of America to present on the referenced topics. Mark Niblett stated in August 2023, they came up with a new and successful process with the Human Resources Department. He said they had face to face meetings with employees during Birmingham Water Works open enrollment period and will be performing those meetings again this year. Mr. Niblett said their job is to come up with employees' insurance needs that is also financially effective for Birmingham Water Works Board. Next, Mr. Niblett gave an overview on the Birmingham Water Works current employee benefit plans and changes to the plan. He stated the company's medical and pharmacy insurance is with Blue Cross Blue Shield of Alabama (BCBSAL). Mr. Niblett indicated that Birmingham Water Works still offers the following three health plan tiers: Preferred Provider Organization (PPO) Base, PPO Premier, and the High Deductible Health Plan (HDHP) with HSA. Mr. Niblett stated the change made to the company's medical health insurance plan was an increase to the HDHP deductible to comply with the Internal Revenue Service (IRS), which is required and mandated by the federal government. He stated the number of claims for BWWB Stop Loss Insurance coverage is usually available in the month of September and that the BWWB dental insurance with BCBSAL, which consists of a Base Plan and a Buy-Up Plan, will remain the same. Mr. Niblett said that after learning that the company was not happy with WEX as the carrier for FSA, HRA, and HSA benefits, his team reviewed three partners. He indicated that as a result, Health Equity is integrated with BCBSAL and is being recommended to replace WEX. Mr. Niblett said a deal had been worked with the carrier Equitable to add the Accident and Critical Illness benefit, which is a new covering. Also, Mr. Niblett stated the Post 65 Retiree Benefits will not change, and it is recommended that the company stays with AmWins. He indicated that the Vitality employee wellness plan will remain the same; however, the Abacus diabetes program was terminated and is being replaced with Livongo, which offers a hypertension benefit, in addition to a diabetes program. Mr. Niblett stated that it is uncommon for BCBSAL to not change its administrative fees. Mr. Niblett said this is the third consecutive time that this has happened. The company benefits are remaining the same except for the one required change to the HDHP. He said relative to the company's PPO Base Plan and PPO Premier Plan, as well as its Dental Plan, Birmingham Water Works has excellent health options. Next, Mr. Niblett acknowledged Bethany Pressley to provide her update. Ms. Pressley highlighted the Active Employees Healthcare Budget. She said that the last 24 months of health pharmacy and dental claims historical data are reviewed to project the company's claim for the following 12 months. She stated that based on the claims, the company's active population claims will increase by \$135,000.00 for the 2025 plan year. Ms. Pressley said the diabetes program has been made easier through the Health Equity Program. She said terminating Abacus and replacing it with Livongo causes the wellness budget to decrease by \$30,000.00. Overall, Ms. Pressley stated the total active employees' costs is a \$56,000.00 increase. She noted that \$248,000.00 is currently being budgeted for HRA plans and would like to see an increase of employees' participation in the plan. Next, Ms. Pressley highlighted the Retirees Health Care Budget. She stated Birmingham Water Works offers two types of retiree plans, pre-65 retirees plan (self-funded) and the post-65 retirees plan (retiree is transferred to Medicare and enrolled into AmWins). She stated the medical, dental, and pharmacy plans for the retirees are expected to decrease for the 2025 plan year. Ms. Pressley said there will be an increase in the wellness administrative fees; however, the retirees'

cost is expected to decrease by \$82,000.00. Afterwards, she highlighted the slide entitled Total Cost and Contributions 2024 vs 2025 Healthcare Budget (includes active employee and retiree budget). She stated Insurance of America budgeted healthcare amount was not in line with Birmingham Water Works healthcare budgeted amount. Ms. Pressley stated the BWW Accounting Department budgeted \$12,166,099.00 for health insurance for the 2024 plan year, which differed from their estimate; therefore, they are requesting \$375,000.00 (3.4% increase) to get things in line with their budget. In conclusion, Ms. Pressley said regardless of the increase, their team is recommending leaving the employee and under 65 retiree premium rates at the same level and increasing the HRA payouts with Vitality. Afterwards, Mr. Niblett reviewed a slide in the presentation titled "*Savings with Insurance Office of America Consulting Services for the 2024 Plan Year,*" which indicated a total savings of \$230,377.00 to Birmingham Works. Next, Mr. Niblett moved to the next slide, he stated there were no changes to employee contributions, which concluded the presentation. Interim General Manager Jones commented that the information discussed had been presented to the Employee Association and that employees are enthusiastic about no premium increases. He said agenda items 3.1 through 3.6 are annually; however, agenda item 3.7 is listed on the agenda as three-year agreement. Interim General Manager Jones stated the dollar amount listed for Vitality is for a three-year agreement; however, if the Committee chooses a one-year agreement, the dollar amount will change and can be provided when it proceeds to the Board meeting. Committee Chairman Burbage indicated he would prefer for a one-year agreement. Director Taylor indicated that she would like to see the cost differentials. She stated that the Committee needs to see the dollar amounts for both agreements to make an accurate decision. Mr. Lloyd commented that the projection over a three-year agreement with Vitality would save approximately \$9,000.00 to \$12,000.00. Director Henderson stated that the other agreements are for one-year, and it should probably stay the same. Next, Interim General Manager Jones asked the Committee for a recommendation for agenda items 3.1 through 3.6, with a separate vote on agenda item 3.7. Director Taylor made a motion to recommend agenda items 3.1 through 3.6 be moved to the Board for approval as presented, and Director Henderson seconded the motion. On a motion duly made and seconded, the item was approved by unanimous vote. Next, Interim General Manager Jones asked the Committee for a recommendation on agenda item 3.7, with an option to allow the Board to choose between a one-year agreement or a three-year agreement, based on the dollar amounts. Director Taylor made a motion to recommend agenda item 3.7 be moved to the full Board for approval with the stated conditions, and Director Henderson seconded the motion. On a motion duly made and seconded, the item was approved by unanimous vote.

Following, the Committee proceeded to the fourth item on the agenda, Request Committee to Recommend to the Board to Approve a Three-Year Agreement with Behavioral Health Systems (BHS) to provide an Employee Assistance Program (EAP), effective January 1, 2025 through December 31, 2027, based on the attached fee schedule; and to Authorize the Interim General Manager and/or the Assistant General Manager to Execute the Necessary Documents. Interim General Manager Jones stated that this item can include a one-year agreement option, which would be effective December 1, 2024 through November 30, 2025. He said Behavioral Health Systems has provided services to company for over ten years. Interim General Manager Jones stated the Committee is being asked to recommend a one-year term or a three-year term agreement with BHS. Director Taylor stated choosing a one-year agreement versus a three-year agreement depends on the budgetary implications, in addition, to staying on trend with one-year agreements. Director Taylor asked Interim General Manager Jones for his suggestion. Interim General Manager Jones suggested recommending the option to choose between a one-year or three-year agreement like the previous agenda item and allowing staff to provide the cost to the Board for both. Director Burbage clarified Interim General Manager Jones suggestion. Director Taylor made a motion to recommend item 4 be moved to the Board for approval with the

stated conditions, and Director Henderson seconded the motion. On a motion duly made and seconded, the item was approved by unanimous vote.

Subsequently, the Committee proceeded to the fifth item on the agenda, Request Committee to Recommend to the Board to Approve a One-Year Agreement with The Workplace (UAB) to Provide Pre-Employment Screenings and Occupational Medicine Services, effective September 12, 2024 through September 11, 2025, Based on the Attached Fee Schedule; and to Authorize the Interim General Manager and/or the Assistant General Manager to Execute the Necessary Documents. Director Taylor made a motion to recommend said item be moved to the Board for approval, and Director Henderson 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 Henderson seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting adjourned at 1:49 p.m.

_____/s/_____
Darryl R. Jones
Interim General Manager

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

_____/s/_____
Thomas E. Henderson
Director

_____/s/_____
Mashonda S. Taylor
Director