

**MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
April 24, 2024**

A Human Resources Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, April 24, 2024, at 12:23 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) and Thomas E. Henderson. Also, present were Director George Munchus and Director Carl Dalton NeSmith. Director Mashonda S. Taylor, who is a Committee member, was not present.

Others present were: Michael Johnson, General Manager; Iris Fisher, 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, Jeremy Ervin, Marilyn Vertison, Rosalind Jones, Cassandra Bell, Brad Steffens, Michael Tartt, Jessica Fadlevich, Joi Dulaney, Derrick Maye, A'khi King, Jeff Wade, Robert Green, Anthony Hazel, and David Walker, BWWB Employees; K. Mark Parnell, Parnell Thompson Law, LLC; Kelvin Howard, Kelvin W. Howard, LLC; Kessia Crenshaw, State of Alabama Attorney General's Office; Charles Wilkinson, Human Resource Management Inc., and Bill Todd, O2 Ideas.

Inasmuch as two Committee members were present, a quorum was declared in attendance. Committee Chairman Burbage called the meeting to order at 12:23 p.m.

Next, the Committee proceeded to approval of the agenda. Director Henderson 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 December 6, 2023, and February 21, 2024. Director Henderson made a motion to approve the minutes and Committee Chairman Burbage 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. General Manager Johnson turned the meeting over to Assistant General Manager Fisher. She indicated that the first report would be an update on the company's hiring activity. Platon Crowell, Talent Management Officer, began discussing Birmingham Water Works hiring activity progress. He stated that as of April 22, 2024, there has been a reduction in open positions. He said there are approximately ninety-one point one-eighth open positions out of one hundred, due to recent hirings. Per Mr. Crowell, the projection of open positions for the next thirty days are as follows: eighty-five point one-eighth vacancies by May 6, 2024, seventy-five point one-eighth vacancies by May 20, 2024, and sixty-nine point one-eighth vacancies by June 3, 2024, without turnovers. Mr. Crowell concluded his report by stating that when factoring in the company's average the last three months of approximately six separations per month, if ten percent of the twenty-two positions currently in process does not fall through, the company's projected vacancies as of June 3, 2024, would be seventy-seven. General Manager Johnson commented that staff has done some things different; however, the company is still looking for a Project Manager Officer, Manager -Internal Audit, and other tough positions that are hard to fill such

as Engineers; but progress has been made and staff will continue working to fill all positions. Director Munchus asked General Manager Johnson to explain the different actions staff has taken. Per General Manager Johnson, staff hosted career fairs and other initiatives that Paul Lloyd, Human Resources Manager, will cover in his upcoming report.

Following, Mr. Crowell gave an updated report on the Talent Acquisition and Retention Action Plan. He stated this plan will assist in reducing the hiring timeframe for filling vacant positions. Mr. Crowell highlighted various phases of the Talent Acquisition and Retention Plan. He stated Phase 1 consists of items to be completed within the first thirty days. The first item consists of the career fair for hard to fill positions (Engineering, Information Technology, Accounting, etc.). He stated five candidates were identified through this process for second interviews, which an offer was made for the Senior Engineer position. The second item consists of reducing the job posting time from ten business days to six business days to allow staff to interview candidates quicker and reducing the time it takes to fill vacant positions. The third item consists of hiring temporary employees through temporary agencies in entry level and high turnover positions. He stated ten temporary employees have been converted to permanent roles through this process. The fourth item consists of finalizing the water treatment operator self-promotion process. The water treatment operator self-promotion process is almost completed; however, its impact on future costs and budgeting is still under legal review. The fifth item consists of employee referrals to attract candidates quicker. He stated there has been an increase in employee referral candidates since this process has been implemented. The sixth item consists of streamlining the Personnel Action Request Form (PARF) approval process to remove some of the layers of approval, which has reduced the time to award a position. Afterwards, Mr. Crowell discussed Phase 2A and its items to be completed within thirty to ninety days, which consists of streamlining the interview process by removing the Human Resources Business Partner (HRBP) from entry level positions and returning accountability to managers, superintendents, and supervisors, in conjunction with this, small mini career fairs are being implemented for certain departments in Phase 3, such as Distribution. The Distribution Department had a mini career fair in March 2024, that Charlotte Harris, HRBP, overseen the process. Several managers from the Distribution Department held interviews themselves. Twenty candidates were identified through this process that are in the orientation phase or the pre-employment process. Afterwards, Mr. Crowell highlighted the Retention Plan. He stated the process involves investing in the company's current employees through interview classes for employees to assist with approving retention at Birmingham Water Works. He stated that fifteen internal employees participated in the interview class. In conclusion, Mr. Crowell stated this is an investment in the company's employees to allow for their growth and promotions within the company.

Next, Assistant General Manager Fisher recognized Paul Lloyd, Human Resource Manager and Charles Wilkinson, Human Resource Management, to give an update on the Salary Administration Plan. She stated that Mr. Wilkinson is a consultant that has an approved agreement with the Board that relates to amending the Salary Administration Plan. Assistant General Manager Fisher said that staff has done work internally, in addition to working with Mr. Wilkinson externally. Mr. Lloyd began the Salary Administration update. He stated a proposal was presented at the last Human Resources Committee Meeting requesting outside assistance in reviewing the company's Salary Administration Plan. Mr. Lloyd said key reasons were discussed for the need to review the Salary Administration Plan. He stated the main reason was because the core Salary Administration Plan was outdated and had not been updated since 2003. Mr. Lloyd said it is important that the plan addresses the various processes such as new hires, promotions, merit increases, etc. He stated the core elements of the plan were reviewed internally by the Executive team and Human Resources team. Mr. Lloyd said the teams

identified recommended changes and gave them to Mr. Wilkinson and his team to complete the next stages. Afterwards, Mr. Wilkinson shared the next steps with the Board. He stated the project is in its two weeks stage. Per Mr. Wilkinson, the team is in the discovery phase of gathering documents (current version of the Salary Administration Plan, employee handbook, multiple board resolutions on compensation related policies and standalone polices). He stated they will be looking to make sure the Salary Administration Plan reflects current and best practices. In addition, his team will be researching and compiling data. Per Mr. Wilkinson, sixty days have been budgeted for the project and ninety days for approval, developing a communication plan rollout, final draft and meeting with departments to make sure they understand and communicate the plan. In conclusion, Mr. Wilkinson stated the goal is for the Salary Administration Plan to be the central depository of all the salary administration policies and procedures, which features the new salary structure approved by the Board, new hires and promotions policies to enhance managers' flexibility for starting and promotion rates, salary structure update procedure, range and merit increase process, shift differentials, special pay programs, certification pay and various other polices.

Finally, Marilyn Vertison, Assistant Manager – Learning and Development, gave an update on Succession Planning. She began with an overview of the succession planning history and what staff has done related to succession planning. She stated the Leadership development program was implemented in 2008. The results of said program generated a 75% promotion rate. In 2009, staff implemented the Supervisory Training and Readiness (STAR) program designed for hourly employees with 85% promotional rates. Ms. Vertison stated that in 2011, an executive leadership program was implemented and completed by twenty-two senior leaders. The Supervisor leadership program was designed to develop front line supervisors and superintendents with a 39% promotional rate in 2012. She stated that in 2014, the succession planning leadership development six-month pilot program identifying internal employees with the potential and interest in filling management positions was implemented. The promotion rate was 60%, five graduates, and three people promoted. In 2016, a career development program to provide employees a path to develop their skills and to take on higher responsibilities, was completed by two departments. Per Ms. Vertison, from 2018 to 2021, there was an accelerated succession development process that worked with identified departments such as Water Resources Department and improved management skills by 155.7%. She indicated that in 2019, the focus was on managers retiring within year with a 103% increase in management skills. The process was done again in 2021 with the focus on job rotation, which generated a 326% increase in management skills. She stated the approach beginning this year is to focus on the following three phases: (1) Executive and Critical Positions Identified (2) Department Leadership, and (3) Superintendents and Supervisors. Afterwards, Ms. Vertison gave an overview of succession planning slide titled succession planning is both, a process and program. She indicated that the four major steps are to identify critical roles, assess talent, identify successors, and develop successors. She discussed succession planning next steps, the nine-box talent grid assessment tool, and concluded the update.

Following, the Committee proceeded to agenda item two, Request Committee to recommend to the Board to approve an amended Grade I and Grade IV Certification Incentive Plan. Mr. Lloyd gave an overview on said topic. He stated that historically, Birmingham Water Works have had an incentive plan in place to encourage employees to pursue Grade I and Grade IV certifications, which are issued by the Alabama Department of Environmental Management (ADEM). Grade I certification is focused on employees that primarily work in the Distribution system for a water utility and Grade IV certification is focused on employees that primarily work in Water Treatment. He stated Birmingham Water Works is required by law to always have a Grade IV certified operator at all its plants. Afterwards, Mr. Lloyd said a trainer would be brought in to train employees for the certification

examination; however, employees would have to meet certain ADEM requirements. If certified by ADEM, employees would be eligible for a one-time 5% bonus. Mr. Lloyd explained that the current plan incentive is open to certain positions in the company; however, updating the plan would open the incentive to all positions within the company. Per Mr. Lloyd, historically there was no cap on the incentive bonus, but another change in updating the plan would be to place a cap on the 5% bonus. Director Burbage asked whether the 5% increase is a one-time payment. Mr. Lloyd confirmed that it would be a one-time payment with a cap and open to the entire workforce. Director Henderson made a motion to recommend said item be moved to the full Board for approval, and Committee Chairman Burbage seconded the motion. On a motion duly made and seconded, the item was approved by unanimous vote.

Next, the Committee proceeded to agenda item three, Request Committee to recommend to the Board to approve a one-year agreement with Excelsior Staffing, effective June 1, 2024, through May 31, 2025, to provide recruiting services to assist with staffing positions as needed; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement. Director Henderson asked whether the agenda item was a new agreement, to which General Manager Johnson responded yes. Director Burbage inquired if the staffing firm was replacing someone, General Manager Johnson answered, no. Afterwards, Director Henderson asked how many staffing firms were there. General Manager Johnson stated there were five staffing firms. Director Burbage asked about the dollar amount associated with hiring said staffing firm. General Manager Johnson said their fee is 20% and the amount is budgeted. Assistant General Manager Fisher commented that the staffing firm is paid only if the recruiter finds someone for the position. Director Henderson made a motion to recommend said item be moved to the full Board for approval, and Committee Chairman Burbage 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 changes to Section 5.2 (Corrective Action, Progressive Discipline and Appeals) and Section 5.8 (Performance Appraisal) in the Employee Handbook and make corresponding changes in Section 5020 (Corrective Action, Progressive Discipline and Appeals) and Section 5080 (Performance Appraisal) in the HR Management Guide. General Manager Johnson stated the reason for the item is because there was an employee that thought discipline process was biased and this item is to address the issue, in addition, he stated the item has been reviewed by legal. Afterwards, Mr. Lloyd gave an overview of the handout entitled *5.2 Corrective Action, Progressive Discipline & Appeals*. A copy is on file in Diligent. He referenced page 2, number five, Panel. Mr. Lloyd said the primary change being added is a panel to review potential recommended corrective action. The panel will be a three-member panel and consist of a department manager, a Human Resources representative, and a representative from the Employee association for a non-exempt employee or a representative of a similar exempt employee for employees that are exempt. Director Munchus asked if the referenced changes would be retroactive to previous employees disciplined or effected by these three areas. General Manager Johnson responded, no and indicated that the changes would be effective going forward. Director Munchus asked Board Attorney Parnell if the changes could be retroactive without violating law/policy or is that bad practice. Board Attorney Parnell responded no to the changes being retroactive. Afterwards, Mr. Lloyd commented that there has always been an appeal process for a certain level of discipline and even with the panel process being implemented, the appeal process would remain in place. Also, he emphasized that more people would be added to the process with the panel; however, the process is confidential, and a confidentiality agreement must be signed by all involved to participate in the process. Mr. Lloyd continued with the discussing on adding a panel and the process. He stated that the panel will meet and go over the investigation finding to affirm, reverse, or modify

the proposed corrective action. The manager of Human Resources will establish the panel upon completion of the investigation if corrective action is being recommended, and the proposed corrective action must be legally defensible. Mr. Lloyd said an employee can bring in another employee to witness on their behalf. Per Board Attorney Parnell, an employee has the right to have an employee present throughout the investigation/appeal process. Director Munchus asked if an employee has the right to legal representation to be present. Board Attorney Parnell responded yes; however, the Board would also have legal counsel. He said during the investigation stage, an employee may or may not be allowed to have a lawyer, but they can have an employee present because it is not adversarial. Director Henderson made a motion to recommend said item be moved to the full Board for approval, and Committee Chairman Burbage 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 Henderson made a motion to adjourn the meeting, and Committee Chairman Burbage seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting adjourned at 1:07 p.m.

Michael Johnson
General Manager

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

_____/s/_____
Thomas E. Henderson
Director