

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
July 24, 2024**

A regular meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, July 24, 2024, at 11:30 a.m.

The following directors were present: Tereshia Huffman, William “Butch” Burbage, Jr., Larry Ward, Thomas Henderson, and George Munchus. Directors Dalton NeSmith, Lucien Blankenship, and Mashonda Taylor were not present.

Others present were: Darryl R. Jones, Interim General Manager; Derrick Murphy, Iris Fisher, and Philip King, Assistant General Managers; Cynthia Williams, Board Administrator; Anitra Clark, Corporate Governance Specialist; Elyse Page, Executive Assistant; Rick Jackson, Jeff Wade, Charles McGee, Rosalind Jones, Cassandra Bell, Colandus Mason, Paul Lloyd, Jonathan Jett, Derrick Maye, Ahki King, Shirley Russell, Geraldine Davis, LaDedra Ruffin, Morgan Dill, Anthony Hazel and David Walker, BWWB Employees; K. Mark Parnell, Parnell Thompson, LLC; Bobby L. Davis, The Law Office of Bobby L. Davis; Cynthianther May, May Law Group, LLC; General Ronald Burgess; Mac Underwood, Underwood Financial Consultants; Olivia Martin, State of Alabama Attorney General’s Office; Patrick Flannelly, ARCADIS, U.S.; Lindsey McAdory, CBG Strategies; Peiffer Brandt, Raftelis Financial Consultants, Inc.; Frank Adams, Direct Communications; Phillip Moultrie, Valent Group; Josh Lee, Sedgwick; and Dr. Willie Maye, BWWB Customer.

Chairwoman Huffman declared a quorum in attendance.

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

Following, Chairwoman Huffman asked the Board to approve the agenda. The Interim General Manager stated there is a speaker and requested to move Speakers following Reports of Committee. 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 Huffman and seconded by Mr. George Munchus, that the Board hereby approves the agenda for the July 24, 2024 Regular Board of Directors Meeting and moves Speakers following Reports of Committee. Resolution No. 9605 is hereby adopted by unanimous vote.”

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Following, the Board moved to the first item on the agenda, Request Board to approve minutes of the Regular Board of Directors’ Meetings held May 22, 2024 and June 5, 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 by Mr. Thomas Henderson, and seconded by Mr. George Munchus, that the Board hereby approves minutes of the following meetings:

- 1.1 Regular Board of Directors’ Meeting held May 22, 2024.
- 1.2 Regular Board of Directors’ Meeting held June 5, 2024.

Resolution No. 9606 is hereby adopted by unanimous vote.”

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Following, Chairwoman Huffman asked to hear Reports of Committee. As there were no reports, the Interim General Manager stated a Finance Committee Meeting was held prior to the Board meeting at 10:00 a.m.

Following, Chairwoman Huffman asked to hear Reports of Officers. The Interim General Manager recognized speaker, Dr. Willie Maye, BWWB Customer spoke regarding his high bill and a broken meter. Chairwoman Huffman requested the Interim General Manager to have someone work with Dr. Maye to resolve his billing issues.

Next, Chairwoman Huffman asked to hear Reports of Officers. Chairwoman Huffman recognized the Employee Association Leadership to provide an update. Derrick Maye, Chairman, stated the Employee Association had written a letter of vote of no confidence in management and three (3) issues were identified: discipline, promotions, and salaries. He stated since then, Chairwoman Huffman created a team to work out the solutions to those issues. Mr. Maye stated a panel was created to address issues related to discipline and it is working. He indicated the Employee Association is currently working on the other two (2) issues. He stated they are now involved with the Salary Administration Plan and it is in the planning stages. Mr. Maye briefly mentioned the changes in management, and stated employees are excited about the Interim General Manager. Ahki King, Vice Chairman, stated the Employee Association has had more involvement with the Executive team. He stated the Employee Association recognizes this is a process, given the issues did not happen overnight. Mr. King stated they are grateful for the opportunity to work with the Executive team and to continue to make progress for BWWB employees and BWWB. Chairwoman Huffman thanked Mr. Maye and Mr. King for being strong advocates for BWWB employees.

Subsequently, Chairwoman Huffman had a few questions from the last Board meeting regarding Accounting and Purchasing Departments. Chairwoman Huffman stated Rosalind Jones, Comptroller answered those questions in Assistant General Manager Iris Fisher’s absence. Chairwoman Huffman requested an update on the Purchasing Manager position from Assistant General Manager Iris Fisher. Ms. Fisher responded she was out sick the day Chairwoman Huffman referenced. She then stated an offer was made for the Purchasing Manager position; however, the individual selected declined the offer. She stated the Human Resources Department is currently sourcing other candidates. Chairwoman Huffman questioned the number of candidates selected for the final round of interviews. Ms. Fisher responded she did not have that information available. Following, Chairwoman Huffman requested an update on the Historically Underutilized Business (HUB) compliance positions. Ms. Fisher responded resumes were received for both positions and they are currently being sourced by the Comptroller and the Human Resources Business Partner. Next, Chairwoman Huffman mentioned Dr. Willie Maye, BWWB Customer, and stated his bill was an average of \$61.00; he received a bill of \$260.00. Chairwoman Huffman stated last year BWWB wrote a policy stating the system is supposed to provide an alert when a customer’s bill goes over three (3) times the amount. Chairwoman Huffman stated last week she received a call regarding another high bill. She questioned Ms. Fisher whether the alert process is working. Ms. Fisher responded the process was not implemented, but a process BWWB worked on. Chairwoman Huffman stated the process was announced to the public during BWWB’s last campaign and by the former General Manager. Chairwoman Huffman questioned why the process was not implemented. Ms. Fisher responded she was not familiar with the process Chairwoman Huffman was referring to. Chairwoman Huffman stated when a customer’s bill goes over three (3) times the amount, the internal system should be alerted, and then reviewed. Ms. Fisher responded that process has always taken place. Chairwoman Huffman stated the process does not seem to be working. She then requested Ms. Fisher to explain the process. Ms. Fisher responded she was unsure of the circumstances surrounding the customer Chairwoman Huffman mentioned earlier and stated there are times when the system alerts a bill, it is called an exception or an implausible. She

stated when the system detects an exception or implausible, there is a team that will contact the customer. Chairwoman Huffman questioned whether the system is working and Ms. Fisher responded yes. Chairwoman Huffman stated the Board continues to receive calls regarding customers receiving high bills and questioned why the system is not catching the bills. Ms. Fisher responded the system does catch the bill; however, there is a process beyond the system catching the bill. Chairwoman Huffman stated the process is not working and Ms. Fisher responded it is definitely working. Chairwoman Huffman reiterated the system is not working and stated she will ask Underwood Financial Consultants to provide her with an answer as to why the process is not working.

Next, Director Munchus mentioned Chairwoman Huffman's inquiry regarding the Historically Underutilized Business (HUB) compliance positions, and questioned where they will be housed at BWWB, and under which department. Assistant General Manager Iris Fisher responded both positions will report to the Purchasing Manager. She stated the office space in that area is limited, but there is alternative office space potentially on the first floor. Director Munchus questioned whether there is a Purchasing Manager for both positions to report to. Ms. Fisher responded no and stated both positions would report to the Comptroller. Chairwoman Huffman questioned whether Bob Dickerson, Executive Director of the Birmingham Business Resource Center, received all the information that was requested last Board meeting. Ms. Fisher recognized Paul Lloyd, Human Resources Manager, who responded Mr. Dickerson received copies of the two (2) job descriptions, Superintendent and Data Analyst II, and he was asked to provide feedback for the interview questions. Chairwoman Huffman questioned whether that was all the information Mr. Dickerson received. Mr. Lloyd responded yes and stated he may have received the interview questions that were already prepared for him to review, but he would have to verify. Chairwoman Huffman stated that was not the full request. She stated the request was sent Wednesday, July 17, 2024, to provide Mr. Dickerson the list of all the professional services contracts, along with the expiration dates, and the type of service so that he could begin working with businesses to help them qualify for work with BWWB. She indicated this request was due. Chairwoman Huffman questioned whether Mr. Dickerson received this list. The Interim General Manager responded the list of professional services contracts is drafted and he indicated he held the list due to mistakes. He stated the draft is now ready. Next, Director Munchus then questioned whether both HUB positions will be housed in the Purchasing Department, and temporarily report to the Comptroller, until the Purchasing Manager is hired. Assistant General Manager Iris Fisher responded yes. Director Munchus questioned who the Comptroller reports to. Ms. Fisher responded the Comptroller reports to her. Next, Director Munchus then stated he had two (2) questions due to his absence at the Executive Committee Meeting held on Thursday, July 18, 2024. He mentioned agenda items 4 regarding SAP Legacy, and 5 regarding Advanced Metering Infrastructure (AMI) and questioned whether both projects can be implemented at the same time. The Interim General Manager responded the SAP system is BWWB's Enterprise Resource Planning (ERP) system that controls the financials, customers billing, and indicated the software is scheduled to expire December 31, 2027. He stated BWWB will have to either update that system or utilize a different product to run ERP. He stated the AMI product is being reviewed, and it can function with the current SAP system; however, all the configurations would have to be completely redone when a new system is put in place by 2027. He stated even though AMI could function with the current system, the concentration should be on the SAP system upgrade first. The Interim General Manager stated in the meantime, there are components of the AMI system that can be worked on, but the software configuration and billing aspect should occur after the SAP platform is stabilized.

Following, the Board moved to the next item on the agenda, Request Board to hear a presentation on the Cost-of-Service Study from Raftelis Financial Consultants, Inc. Peiffer Brandt, President and CEO, stated he has been with Raftelis for twenty-six (26) years, and has worked on projects in Birmingham, Alabama for twenty (20) years. He stated BWWB is his third cost of service project. Mr. Brandt introduced the Raftelis project team and highlighted the company's experience. He stated Raftelis is the largest group that focuses on water; and the most experienced utility financial and management consulting practice in the United States, with more than 170 consultants. Mr. Brandt highlighted three (3) resources, best practices approach that sets the guidelines for doing rate setting and cost of service. Next, Mr. Brandt provided an overview of rate setting. He

stated rate setting has two (2) aspects of water rates, structure of rates and amount of the rates. He stated the importance of rate setting, and he indicated input is needed since both aspects have a different impact on customers. Mr. Brandt stated he recommends reviewing the rates every year and conducting an extensive study every five (5) to seven (7) years, which was last done in 2018 or 2019. Next, Director Munchus mentioned the Customer Assistance Program. He stated BWWB continues not to get to threshold for water, sewer, and plumbing. He questioned what is happening nationally since utilities in other states have acquired legislation. Mr. Brandt responded Alabama state law prohibits one class of customers from subsidizing in another class or customers within a class subsidizing other customers within a class. He stated the rate structure can be designed to recognize traits of a low-income customer, and he indicated the challenges associated in doing this. Next, Mr. Brandt provided an overview of the cost-of-service. He stated the cost-of-service study has four (4) components: projection initiation and data review, pricing objectives and rate design, cost allocation, and document and present results. He stated the process has five (5) steps: identify financial and pricing objectives, identify revenue requirements, project demand and allocate costs, design rate structure, and assess effectiveness in addressing pricing objectives. Mr. Brandt stated these steps help determine the total annual revenue requirement to be recovered from each customer class based on the costs of providing them service. Mr. Brandt stated regarding the first step, financial and pricing objectives are unique to each utility. He highlighted the areas important to BWWB, and he stated the need to prioritize these objectives once the rate structure is determined. He stated the second step is to identify revenue requirements. He stated the rates must generate sufficient revenue to ensure the utility can sustain proper operations and maintenance (O&M), system reinvestment and capitalization, minimum debt service coverage requirements, and appropriate level of reserves. He also stated information is needed to determine the revenue requirements for operating & maintenance (O&M) annual budget, capital improvements plan (CIP), and reserves. Mr. Brandt stated the third step has two (2) parts within the cost-of-service process, project demand and allocated costs. Mr. Brandt highlighted project demand, and he stated the first projection is typically started in August or September to evaluate trends in customer accounts and usage per account. He stated the initial projection will change as more data is received; finalize in the October timeframe. Mr. Brandt then provided a brief overview of the design rate structure. He reviewed three (3) rate design considerations: fixed charges vs. variable charges, historical vs. conservation rate designs, and evaluating alternative rate structures. He referenced the conservation/efficiency rate structure, and he stated BWWB is more on the conservation side. Mr. Brandt mentioned Director Munchus regarding the Customer Assistance Program and he highlighted an opportunity for BWWB to evaluate an individualized rate structure. He stated based on customer's water usage, there is potential for more revenue from customers who use lower amounts of water in the winter and higher amounts of water in the summer. Director Munchus questioned if this is permissible. Mr. Brandt responded yes, and he stated it also relates to the cost. Mr. Brandt briefly reviewed the final step, assess effectiveness of addressing pricing objectives. He highlighted customer impacts, competing objectives, and affordability of service. Next, Mr. Brandt provided an overview of rate trends and challenges. He stated there have been shifts in pricing objectives over the last twenty (20) years, caused by conservation/demand management rates, declining per capita usage, and a focus on revenue stability. Mr. Brandt discussed the drivers of declining per capita usage, and he stated this is a problem given that a significant portion of utility costs are fixed and have a decrease in volume which reduces revenue; however, high fixed charges can result in affordability concerns. Mr. Brandt stated he recommends BWWB to align the rate structure with the pricing objectives, while taking into consideration utility service area characteristics and overall risk profile. Following, Mr. Brandt stated the Board's input is needed regarding the prioritized objectives. He questioned how much BWWB wants to change as it pertains to the rate structure. He stated the initial plan was to finish the cost-of-service study this year, and he indicated it can still be completed this year, to include the 2025 rate update. Mr. Brandt highlighted the potential upcoming schedule: August 14, 2024, to present allocations, capitalized operating and maintenance (O&M) results and gather feedback on the rate structure preferences; September 11, 2024, to present customer impacts under rate options, and demand projections; October 9, 2024, to approve the cost of service, and to present rates under the preliminary budget; October 23, 2024, to approve recommendation for public hearing to be scheduled on November 6 or November 13, 2024; and to approve the budget on November 20 or November 26, 2024. Mr. Brandt stated he will need

confirmation soon whether to complete the cost-of-service study this year, and he indicated he is working according to this schedule.

Next, Director Ward requested the Board take a 10-minute recess. Chairwoman Huffman responded the Board would take a 5-minute recess. Director Ward left the meeting at 12:53 p.m. Director Munchus stated BWWB should find \$1 million dollars in the budget to start a Customer Assistance Program. He stated something should be done to help stabilize low-income communities that experience challenges with water, sewer, and plumbing. Board Attorney Mark Parnell stated there is no quorum, and the Board would need to take a recess. The Board went into recess at 12:54 p.m. and came out of recess at 1:03 p.m.

Following, the Board moved to the second item on the agenda, Request Board to approve payment of invoices. 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 Mr. Thomas Henderson, that the Board hereby authorizes staff to execute payment of invoices from the following:

- 2.1 Dominick Feld Hyde, P.C. for professional services rendered June 2024 in the amount of \$2,898.40.
- 2.2 Terminus Municipal Advisors, LLC for professional services rendered June 2024 in the amount of \$10,000.00.
- 2.3 Raftelis Financial Consultants, Inc., for the following:
 - 2.3.1 Professional services rendered June 2024 related to the Moody Analysis in the amount of \$1,840.00.
 - 2.3.2 Professional services rendered June 2024 related to Consolidated Invoices in the amount of \$14,763.75.
- 2.4 May Law Group, LLC for professional services rendered May and June 2024 in the amount of \$18,930.00.
- 2.5 The Law Office of Bobby L. Davis for professional services rendered May and June 2024 in the amount of \$22,530.00.
- 2.6 CBG Strategies, LLC for professional services rendered June 2024 in the amount of \$25,350.00.
- 2.7 Kelvin W. Howard, LLC for professional services rendered June 2024 in the amount of \$30,480.00.
- 2.8 Parnell Thompson, LLC for professional services rendered June 2024 in the amount of \$59,700.00.
- 2.9 ARCADIS U.S. for professional services rendered May 2024 in the amount of \$357,440.45.

Resolution No. 9607 is hereby adopted by Directors Huffman, Burbage, Ward, and Henderson; and Director Munchus abstained from voting on items 2.4, 2.5, 2.7, and 2.8.”

Following, the Board moved to the third item on the agenda, Request Board to approve a one-year addendum to the service agreement with Sedgwick Claims Management Services, Inc., approved by the Board September 1, 2022, to provide Third-Party Administrator (TPA) services for property, casualty, and subrogation claims; the addendum will be effective September 1, 2024 through August 31, 2025; and to authorize the Interim General Manager and/or the Assistant General Manager to execute said document, as recommended by the Executive Committee. 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 Mr. George Munchus, that the Board hereby approves a one-year addendum to the service agreement with Sedgwick Claims Management Services, Inc., approved by the Board September 1, 2022, to provide Third-Party Administrator (TPA) services for property, casualty, and subrogation claims; the addendum will be effective September 1, 2024 through August 31, 2025; and authorizes the Interim General Manager and/or the Assistant General Manager to execute the agreement. Resolution No. 9608 is hereby adopted by unanimous vote.”

Following, the Board moved to the fourth item on the agenda, Request Board to approve the following items, as recommended by the Engineering and Maintenance 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. Larry Ward, and seconded by Mr. Thomas Henderson, that the Board hereby exercises its bid option to the following, as recommended by the Engineering and Maintenance Committee:

- 4.1 Exercises its bid option to extend one-year agreements to:
 - 4.1.1 Ferguson Water Works, the lowest responsible and responsive bidder, for estimated annual quantities of Flange Fittings, at an estimated out-of-pocket cost to the Board of \$51,984.31; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.
 - 4.1.2 Core & Main, LP, the lowest responsible and responsive bidder, for estimated annual quantities of Meter Boxes and Lids, at an estimated out-of-pocket cost to the Board of \$535,300.00; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.

Resolution No. 9609.4.1 is hereby adopted by unanimous vote.”

“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. Thomas Henderson, that the Board hereby authorizes staff to execute the necessary documents to award bids to the following, as recommended by the Engineering and Maintenance Committee:

- 4.2 Awards bids to:
 - 4.2.1 Dunn Construction, the lowest responsible and responsive bidder, for Asphalt COLD

Mix (Pick-Up), at an estimated out-of-pocket cost to the Board of \$250,000.00; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.

4.2.2 Ferguson Water Works, the lowest responsible and responsive bidder, for Copper Tubing, at an estimated out-of-pocket cost to the Board of \$858,080.00; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.

Resolution No. 9609.4.2 is hereby adopted by unanimous vote.”

“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. Thomas Henderson, that the Board hereby approves expenditures with the following, as recommended by the Engineering and Maintenance Committee:

4.3 Approves expenditures with:

4.3.1 Konica Minolta Business Solutions, for a Document Inserter, for the Back-flow Department, at a total out-of-pocket cost to the Board of \$102,893.67; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.

4.3.2 Konica Minolta Business Solutions, for a Production Printer, for the System Development Department, at a total out-of-pocket cost to the Board of \$110,288.45; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.

Resolution No. 9609.4.3 is hereby adopted by unanimous vote.”

“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. Thomas Henderson, that the Board hereby approves a three-year agreement with the following, as recommended by the Engineering and Maintenance Committee:

4.4 Samsara, Inc., for vehicle reporting and GPS tracking system, effective September 2, 2024 through September 1, 2027, at a total out-of-pocket cost to the Board of \$252,110.00; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.

Resolution No. 9609.4.4 is hereby adopted by unanimous vote.”

“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. Thomas Henderson, that the Board hereby approves expenditures with the following, as recommended by the Engineering and Maintenance Committee:

4.5 Software House International (SHI), to provide BWWB company-wide Microsoft software and services support, effective December 1, 2024 through November 30, 2027, at a total out-of-pocket cost to the Board of \$916,657.65; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.

Resolution No. 9609.4.5 is hereby adopted by unanimous vote.”

“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. Thomas Henderson, that the Board hereby approves a scope of services, as recommended by the Engineering and Maintenance Committee:

4.6 A.G. Gaston Engineering, LLC, for the design and inspection of the 1st Avenue North Phase 2 main replacement/reinforcement project located along 1st Avenue North between Sloss Furnace (32nd Street North) and the intersection of 80th Street North and Division Avenue (Phases 2A through 2D); at a total out-of-pocket cost to the Board of \$2,254,358.67; and authorizes the Interim General Manager and/or Assistant General Manager to execute the agreement.

Resolution No. 9609.4.6 is hereby adopted by unanimous vote.”

Director Munchus questioned whether agenda items 4.3.1, 4.3.2, 4.4, and 4.5 went before the Engineering and Maintenance Committee. The Interim General Manager responded yes.

Next, Chairwoman Huffman then made a motion to adjourn the meeting and Mr. Larry Ward seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting was adjourned at 1:11 p.m.

/s/
Tereshia Q. Huffman
Chairwoman

Attest:

/s/
Raymond L. Ward
Secretary-Treasurer