

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM AND PUBLIC HEARING
November 4, 2024**

A regular meeting of the directors of The Water Works Board of the City of Birmingham and Public Hearing was held on Monday, November 4, 2024, at 5:30 p.m.

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

Others present were: Darryl R. Jones, Interim General Manager; Mac Underwood, Interim Deputy General Manager; Derrick Murphy and Philip King, Assistant General Managers; Barry Williams, Interim Assistant General Manager; Cynthia Williams, Board Administrator; Elyse Page, Executive Assistant; Michael Parker, Rick Jackson, Jessica Fadlevich, Michael Tartt, Jeff Wade, Charles McGee, Colandus Mason, Cassandra Bell, Marilyn Vertison, Anthony Hazel and David Walker, BWWB Employee; K. Mark Parnell, Parnell Thompson, LLC; General Ronald Burgess; Olivia Martin, State of Alabama Attorney General’s Office; Patrick Flannelly, ARCADIS, U.S.; Peiffer Brandt, Raftelis Financial Consultants, Inc.; Frank Adams, Alex Perez, and Collier Craft, Direct Communications; Phillip Moultrie, Valent Group, Inc.; Matthew Arrington, Terminus Municipal Advisors, LLC; Maddie McQueen and James Johnston, WIAT; Taylor Pollock and Jeff Foster, WBRC; Olivia McMurrey, Birmingham Watch; Iva Williams, Urbanham News; Joseph Bryant, AL.com; Speakers: Jefferson County Commissioner Sheila Tyson; Carl Tonitis, Sheri Zimmerman, Tiffany West, Reshonda McNeal, William Muhammad, Helen Rufias, and Jackie Gordon.

Chairwoman Huffman declared a quorum in attendance.

Chairwoman Huffman called the meeting to order at 5:30 p.m., and Interim General Manager Darryl Jones opened the meeting with prayer.

Following, Chairwoman Huffman asked the Board to approve the agenda. 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. Dalton NeSmith, and seconded by Mr. George Munchus, that the Board hereby approves the agenda for the November 4, 2024 Regular Board of Directors’ Meeting and Public Hearing. Resolution No. 9649 is hereby adopted by unanimous vote on November 4, 2024.”

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Following, Chairwoman Huffman asked to hear Reports of Committees. As there were no reports, the Interim General Manager stated the upcoming Regular Board of Directors’ Meeting would be held Wednesday, November 20, 2024 at 10:30 a.m., and an Engineering and Maintenance Committee Meeting would be held immediately after the Regular Board of Directors’ Meeting.

Next, Director Munchus questioned whether there is only one Board meeting scheduled during the month of November. The Interim General Manager responded there are two meetings scheduled, and he pointed out that today’s meeting is the first meeting, and the second meeting is scheduled for Wednesday, November 20, 2024.

Following, Chairwoman Huffman asked to hear Reports of Officers. As there were no reports, the Board moved to Speakers. It was decided to hear Speakers after presentation of 2025 budget.

Following, the Board moved to the first item on the agenda, Pursuant to Ala. Code § 11-50-303(c) (1975), the BWWB is holding a Public Hearing to consider taking action 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 will result in a rate increase. The Interim General Manager recognized Interim Deputy General Manager for the FY 2025 proposed budget presentation. The Interim Deputy General Manager gave an overview of the budget process. He stated the budget needs are based on BWWB's strategic plan with a review of individual line-item variances in each department. He stated the process was embraced by executive management and the leadership team. He then discussed the key budget drivers, an increase in labor, an increase in chemical & power cost, implementation of the Lead & Copper Rule Regulation, enhanced HUB participation, and procurement and implementation of the Advanced Metering Infrastructure Program; and he stated all came down to funding the (O&M) and Capital budgets, and to maintain the PAYGO (pay-as-you-go), and financial policies. He then gave an overview of the recommended operating and maintenance (O&M) budget, including a summary of the commitment items for the upcoming fiscal year. He indicated the 2025 proposed budget is \$142 million, resulting in a 7.94% increase from 2024. He stated Raftelis Financial Consultants completed an O&M overhead allocation study resulting in an O&M increase and a reduction in the capital budget. Next, he gave a summary of the gross labor budget, which increased due to the FY 2024 salary survey implementation, merit increases and increased overtime hours. He indicated there was no increase in the number of full-time employees. As part of the budget process, Raftelis reviewed the projections from each category of customers, which are based on historical trends of actual consumption and other expectations; continued declining per capita demand and updated residential rate structure, based on the Cost-of-Service results. He then gave a summary of residential, non-residential, wholesale, and raw water consumption; and he stated the total consumption projection is \$31M ccf. Next, there was discussion regarding volumetric rate changes for 2025. He indicated the residential rate structure was adjusted based on the Cost-of-Service results. He stated there is a projected 4.9% rate increase. He also referenced the 2024 budget plan, and he stated the projected 2025 rate increase was 5.8%, which was lowered to 4.9%. He gave an overview of several items including base charge rate changes for 2025, fire hydrant fees, and assumed customer impacts. He then discussed the revenue projections for 2025, including volumetric revenue, fixed charge revenue, and other revenue. Next, an overview was provided regarding the financial goals and policies for 2025. He highlighted the rate increases from the last five years. He stated 4.9% is projected for 2025, and the financial policies were modified to reduce the rate increase from 5.8% to 4.9%. Regarding O&M increases, he stated there is a 7.94% increase in 2025, as previously discussed. He also stated to reduce the rate increase, staff modified the PAYGO (pay-as-you-go) policy, to maintain capital reserve of at least 35% through 2025. He then stated all financial consultants, including Raftelis Financial Consultants, Terminus Municipal Advisors and Arcadis were involved, along with the Board and the management team. He gave an overview of debt service coverage for 2025, which is based on the projected rate increase. Following, he reviewed the categories of the FY 2025 proposed capital budget at \$115, 630.710, while highlighting several projects. He then gave an overview of the top five budgeted projects, and he indicated the main replacement program represents \$20 million dollars of the capital budget, including \$1 million for leak related paving repairs. The Interim Deputy General Manager re-emphasized all financial consultants were involved, and he stated the management team were diligent in making adjustments to the financial policies to ensure the rate increase is lower than last year's projection. Interim Deputy General Manager Underwood concluded the presentation. (A copy of the presentation is on file in Diligent.)

Following, the Board moved to Speakers. There were 8 speakers recognized and they voiced concern on the proposed rate increase, their bills, the water quality, and some street repairs. The floor was closed for public comments and the Interim General Manager proceeded with the agenda.

Prior to proceeding, Director Blankenship asked the Interim Deputy General Manager to revisit the Reserve Policy regarding the required number of days for cash on hand. The Interim Deputy General Manager responded in order to maintain the AA credit rating, there should be close to 250 days of cash on hand. He stated currently, BWWB has 296 days of cash on hand, and he indicated the number will reduce slightly; however, it will still be above 250 days of cash on hand.

Following, Director Munchus referenced the recommended operating and maintenance (O&M) budget, specifically the 2024 revised budget. He questioned when the O&M overhead allocation study was completed. The Interim Deputy General Manager responded the study was completed August 2024, and he stated the results were provided to the Board. Director Munchus then requested a copy of the O&M overhead allocation study, and the Interim Deputy General Manager responded that staff will provide a copy. Director Munchus also questioned the 7.94% increase, whether it was an accounting move or actual cash of \$5.1 million dollars put into the O&M budget. The Interim Deputy General Manager responded in the 2024 budget process, the budget was not revised; however, the operating costs increased by \$5.1 million dollars. He then provided an explanation, he stated some of the operating costs and employee salaries were allocated to the capital budget. He stated those costs will no longer be allocated to the capital budget and will remain in the operating budget. Director Munchus questioned whether the \$5.1 million dollars will happen again. The Interim Deputy General Manager responded it will not be allocated to the capital budget.

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. William Burbage, that the Board hereby authorizes staff to execute payment of invoices from the following:

- 2.1 CBG Strategies, LLC., for the October mailer rendered October 24, 2024 in the amount of \$21,184.16.
- 2.2 General Ronald Burgess for professional services rendered September 18, 2024, through October 17, 2024, in the amount of \$26,697.04.
- 2.3 Direct Communications, for professional services rendered November 2024 in the amount of \$33,000.00.

Resolution No. 9650 is hereby adopted by unanimous vote on November 4, 2024.

Following, the Board moved to the third item on the agenda, Request Board to approve the following items, as recommended by the Human Resources 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. William Burbage, and seconded by Ms. Mashonda Taylor, that the Board hereby approves the following, as recommended by the Human Resources Committee:

- 3.1 A new policy for the Board to approve the job descriptions for Senior Management, and that the Board must be informed of any changes to all other job descriptions.

Resolution No. 9651.3.1 is hereby adopted by unanimous vote on November 4, 2024.”

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. William Burbage, and seconded by Ms. Mashonda Taylor, that the Board hereby approves the following agreements, as recommended by the Human Resources Committee:

- 3.2.1 NAPS Background Checks, for a one-year agreement to provide employment related background check services, effective January 1, 2025 through December 31, 2025, based on a fee schedule (state, county, vendor research fees, etc. which are out of NAPS control, may increase and are passed through); and authorizes the Interim General Manager and/or the Interim Assistant General Manager to execute the necessary documents.
- 3.2.2 Equitable, for a one-year agreement for company provided Group Life and Short-Term Disability Insurance and the following voluntary group insurance coverages: Life & Accidental Death and Dismemberment, Short-Term Disability, Long-Term Disability, Accident (new offering), and Critical Illness (new offering), effective January 1, 2025 through December 31, 2025, based on the attached rate schedules, for the company provided Group Life and Short-Term Disability coverages; and authorizes the Interim General Manager and/or the Interim Assistant General Manager to execute the necessary documents.
- 3.2.3 McLean Company, for a one-year agreement to provide best practice HR research and related services, effective January 1, 2025 through December 31, 2025, at an out-of-pocket cost to the Board of \$29,340.00; and authorizes the Interim General Manager and/or the Interim Assistant General Manager to execute the necessary documents.
- 3.2.4 AmWins/TransAmerica Life Insurance Company for a one-year agreement to provide 2025 Post 65 Medical and Prescription Drug Insurance coverage, effective January 1, 2025 through December 31, 2025, at an estimated out-of-pocket cost to the Board of \$926,369.00; and authorizes the Interim General Manager and/or the Interim Assistant General Manager to execute the necessary documents.

Resolution No. 9651.3.2 is hereby adopted by unanimous vote on November 4, 2024.”

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. William Burbage, and seconded by Ms. Mashonda Taylor, that the Board hereby approves the following, as recommended by the Human Resources Committee:

- 3.3 2025 Grade I and Grade IV Prep Series and Continuing Education Hours (CEH) training classes with Water Girl Consulting, at an estimated out-of-pocket cost to the Board of \$49,500.00; and authorizes the Interim General Manager and/or the Interim Assistant General Manager to execute the necessary documents.

Resolution No. 9651.3.3 is hereby adopted by unanimous vote on November 4, 2024.”

Following the Board moved to the fourth item on the agenda, Request Board to approve modification to the American Rescue Plan Act (ARPA) Subrecipient Agreement with Jefferson County, to increase the previously approved amount of \$2,000,000.00 by an additional \$1,000,000.00, bringing the total amount from Jefferson County to \$3,000,000.00. The total project cost, including contractor’s bid, material, and Board’s labor, is \$5,841,493.21. The estimated out-of-pocket cost to the Board after, Jefferson County’s \$3,000,000.00 ARPA funding, will be \$2,841,493.21; and to authorize the Interim General Manager and/or the Assistant General Manager to execute the agreement. [NOTE: This was for the project awarded to Gillespie Construction, LLC on Sardis Road between Mount Olive Road and Honeysuckle Way in unincorporated Jefferson County for the installation of approximately 8,730-feet of 12-inch DICL pipe; 120-feet of 8-inch DICL pipe, directional

drilling HDPE pipe at Crooked Creek Crossing and related appurtenances; and three (3) water services in unincorporated Jefferson County.] 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. Dalton NeSmith, and seconded by Ms. Tereshia Huffman, that the Board hereby approves modification to the American Rescue Plan Act (ARPA) Subrecipient Agreement with Jefferson County, to increase the previously approved amount of \$2,000,000.00 by an additional \$1,000,000.00, bringing the total amount from Jefferson County to \$3,000,000.00. The total project cost, including contractor’s bid, material, and Board’s labor, is \$5,841,493.21. The estimated out-of-pocket cost to the Board after, Jefferson County’s \$3,000,000.00 ARPA funding, will be \$2,841,493.21; and authorizes the Interim General Manager and/or the Assistant General Manager to execute the agreement. [NOTE: This was for the project awarded to Gillespie Construction, LLC on Sardis Road between Mount Olive Road and Honeysuckle Way in unincorporated Jefferson County for the installation of approximately 8,730-feet of 12-inch DICL pipe; 120-feet of 8-inch DICL pipe, directional drilling HDPE pipe at Crooked Creek Crossing and related appurtenances; and three (3) water services in unincorporated Jefferson County.]

Resolution No. 9652 is hereby adopted by unanimous vote on November 4, 2024.”

Following, the Board moved to the fifth item on the agenda, Request Board to approve the executive search firm, Baker Tilly, to conduct a national search for the Assistant General Manager position of Finance and Administration for the Birmingham Water Works Board, at an anticipated cost to the Board of \$52,987.00, not including travel expenses for selected candidates; and to authorize the Interim General Manager and/or the Interim Deputy General Manager to execute the necessary documents. 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. William Burbage, and seconded by Mr. Thomas Henderson, that the Board hereby approves the executive search firm, Baker Tilly, to conduct a national search for the Assistant General Manager position of Finance and Administration for the Birmingham Water Works Board, at an anticipated cost to the Board of \$52,987.00, not including travel expenses for selected candidates; and authorizes the Interim General Manager and/or the Interim Deputy General Manager to execute the necessary documents.

Resolution No. 9653 is hereby adopted by unanimous vote on November 4, 2024.”

Next, Director Munchus questioned whether Baker Tilly is the same search firm conducting the national search for the General Manager position, and Chairwoman Huffman responded yes.

Following, Mr. Thomas Henderson then made a motion to adjourn the meeting and Mr. William Burbage seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting was adjourned at 6:32 p.m.

/s/
Tereshia Q. Huffman
Chairwoman

Attest:

/s/

Larry Ward
Secretary-Treasurer