



Daphne Utilities

APPROVED MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ March 26, 2008 ♦ 5:00 p.m.

I. CALL TO ORDER

The March 26, 2008, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman Robert Segalla, at 5:07 p.m.

II. ROLL CALL

Members Present: Robert Segalla, Chairman
Ron Scott, Vice Chairman
Lon Johnston, Secretary Treasurer
Fenton E. Jenkins – arrived at 5:04 pm
Fred Small, Mayor

Others Absent:

Others Present: Tommy Ziemann – for Jerry Speegle, Board Attorney
Rob McElroy – General Manager
Danny Lyndall – Operations Manager
Teresa Logiotatos – Finance Manager
Deloris Brown – Human Resources Manager
Drew Klumpp – Adm. Services Manager
Lori Scharles – Executive Assistant

Melinda Immel, Engineer - Volkert
Ray Moore, Engineer – HMR

Others Absent: Jerry Speegle – Board Attorney

III. PLEDGE OF ALLEGIANCE

The Chairman led the Board and meeting attendees in the Pledge of Allegiance.

IV. APPROVAL OF MINUTES

a. Utilities Board Minutes from February 27, 2008:

The Chairman inquired if additions, deletions or corrections were recommended for the Minutes from the February 27, 2008, Utilities Board meeting. Chairman Segalla made one grammatical correction recommendation on Page 2, in the VI New Business section, and then entertained a motion for approval.

MOTION BY Mr. Johnston to approve the Utilities Board of the City of Daphne minutes from the regular Board meeting conducted February 27, 2008; Seconded by Mr. Scott.

AYE: SEGALLA, SCOTT, SMALL, JENKINS, JOHNSTON,

ABSENT: MOTION CARRIED

V. OLD BUSINESS

a. *Park City Service Agreement:*

Rob McElroy explained that after the last meeting with Jerry Speegle, the Park City Water Board decided not to sign the proposed Agreement after their requested changes were made. He further explained that this proposed Agreement is no longer an option and are contemplating on what action to take to move forward being aware that free sewer service for our customers is unacceptable.

b. *Wells 10 & 11 Construction Update:*

Rob McElroy informed the Board that construction to divert the storm-water run-off water is complete.

c. *Daphne High School Stadium:*

Mr. McElroy asserted that arrangements to offset compensation for the storm-water run-off project and the capacity fees have been made with Mike Keating of the Baldwin County Board of Education. He stated that he would give a final update to the Board at next month's meeting and that he is hopeful that this item will be complete and removable from the agenda at that time.

d. *Advertising:*

Mr. McElroy explained that he was working through scheduling difficulties with Doug Gresham to finalize the Advertising Agreement at Jubilee Stadium (Daphne High School Stadium). He stated that he would give a final update to the Board at next month's meeting and this item will be removable from the agenda.

e. *Items in Abeyance:*

1. **Gas Franchise Agreement** – no updated information.
2. **19 Acres** – no new development.

VI. NEW BUSINESS –

a. *Capacity Fee Study:*

Mr. McElroy suggested that a work session be scheduled with the Board to analyze an extensive report on the Capacity Fee study obtained. Chairman Segalla questioned Drew Klumpp if the development previously presented by Seamans Capital was apartments or condos, to which Mr. Klumpp replied that it was apartments.

VII. BOARD ATTORNEY'S REPORT

Chairman Segalla noted that Mr. Speegle's report was self-explanatory. He remarked that neither the Anderson letter nor Mr. Speegle's response was included in the information provided and asked to have it included for next month.

VIII. FINANCIAL REPORT

Teresa Logiotatos reviewed the Financial Report for February 2008. She noted on the Balance Sheet in the Asset section the monies established from Inventory due to items being booked into the general ledger system. Chairman Segalla commented on the fine organization at the Warehouse and praised Earl Bolden for his determined efforts. Mr. Johnston expressed his concern of the state of the economy and the effects it would have on our finances. Mr. McElroy commented that there has not been any mention of this in the utilities industry and utilities' revenue are generally not affected as much.

IX. GENERAL MANAGER'S REPORT

a. *GM Report*

Rob McElroy informed the Board of the award presented to Daphne Utilities from the Alabama Rural Water Association for being one of the first 100 members associated with the organization. He added that Daphne Utilities continues to support the City of Daphne in the beautification of the downtown in two different areas and also mentioned the clean-up at the Well #2 area on Trione. Deloris Brown reminded the Board of the upcoming Employee Service Award banquet. Drew Klumpp briefed the Board on the new e-bill option offered to Daphne Utilities customers.

b. *Operations Report*

Mr. Lyndall asked Martin Dale to address the Board on the fire hydrant flushing procedure and the benefits of flushing the fire hydrants. Mr. Dale also stated that his operation is ahead of schedule. Mr. Johnston commented on a remark published in the Sound-Off column of the newspaper about the painting of the fire hydrants and

questioned who is responsible for repainting them. Mr. McElroy and Mr. Lyndall explained that after the hydrants are flushed, they follow a schedule to repaint the hydrants. Mr. Scott commented on the sewer blockage on his street at his residence that was due to an incorrect connection by a plumber and asked if the plumber will bear the financial responsibility. Mr. Lyndall responded that the general contractor will receive the bill for this error. Mr. Scott asked if the water could be kept from being turned on until payment is made. Mr. Lyndall stated that he was not aware of any other precedence.

Melinda Immel was present to review the Volkert Project Status Report.

Mr. Ray Moore reviewed with the Board the HMR Project Status Report.

X. BOARD ACTION – None

XI. PUBLIC PARTICIPATION – Chairman Segalla asked for Public Participation. James Austin addressed the Board stating that he is an assistant to the Park City Water Authority. He also presented the Chairman, Vice Chairman and the Secretary as well. He stated that he was made aware at 4:00 p.m. of this meeting concerning Park City and that they are not aware of what Daphne Utilities is doing. Mr. Austin continued stating that Park City Water Authority received a letter some time ago about changing the status of Park City Water and had the attorney deny it the way it was prepared because there was a 40-year agreement with Farmers' Home in '77 at the time that Board was initiated and the Agreement will not expire until 2017. Mr. Austin pondered why Daphne continues to force Park City to turn everything over to them and that is the reason for their appearance today. Mr. McElroy responded that he is cognizant of the expiration of the Agreement to sell water to Park City Water Authority until 2017 and that there has been no change in that status. Mr. Austin stated that Park City Water received a letter questioning changes and that if it the changes were not accepted, people would have their sewer blocked and in turn not be able to receive water, and Park City should take over their sewer. Mr. Austin acknowledged that Park City Water Authority's by-laws and constitution does not authorize this. Mr. McElroy explained that it is not an Agreement to combine systems but to combine the billing in an effort to reduce costs, placing the Meter Reading cost on Daphne Utilities because they would have to read the meters anyway, as well as the cost for postage. He continued that Daphne Utilities also offered to be the primary emergency responder due to the fact that we have people on our staff 24-hours a day trained and ready to respond to water and wastewater emergencies. Mr. McElroy commented that he felt the Agreement was a very cooperative and attractive proposal for all parties concerned and did not understand why the Park City Water Board did not want to sign and that by not signing this Agreement, it forces Daphne Utilities to take other action in order to collect sewage fees. After a discussion about the Agreement details, Chairman Segalla expressed that the collection of sewage fees are necessary and suggested to schedule a meeting to discuss and resolve the issues.

XII. BOARD COMMENTS – Ron Scott commented to Park City Water Board that the issue with Park City Water Board has been on the agenda since December 2006, and no action was expected to take place at this meeting.

XIII. EXECUTIVE SESSION –

MOTION BY Mr. Scott to go into Executive session to discuss legal matters at 7.11 pm. Seconded by Mr. Johnston. Executive session concluded at 7:41 pm.

AYE: SEGALLA, SCOTT, SMALL, JOHNSTON, JENKINS ABSENT: MOTION CARRIED

XIV. ADJOURNMENT:

MOTION BY Mr. Scott to adjourn the meeting. Seconded by Mr. Jenkins.

AYE: SEGALLA, SCOTT, JOHNSTON, JENKINS ABSENT: SMALL MOTION CARRIED

The meeting adjourned at 7:41 p.m.