



# Daphne Utilities

## APPROVED MINUTES

### Utilities Board Meeting

City of Daphne Council Chambers ♦ February 28, 2007 ♦ 5:00 p.m.

#### I. CALL TO ORDER

The February 28, 2007, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Vice Chairman, Mr. Scott, at 5:08 p.m.

#### II. ROLL CALL

**Members Present:** Ron Scott, Vice Chairman  
Lon Johnston, Secretary Treasurer  
Fred Small, Mayor  
James "Bo" White

**Members Absent:** Bob Segalla, Chairman

**Others Present:** Rob McElroy – General Manager  
Danny Lyndall – Operations Manager  
Jerry Speegle – Board Attorney  
Teresa Logiotatos – Finance Manager  
Drew Klump – Office Manager  
Lori Scharles – Administrative Assistant  
Melinda Immel, Engineer– Volkert  
Tim Patton, Engineer – Volkert  
Ray Moore, Engineer - HMR

#### III. PLEDGE OF ALLEGIANCE

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

#### IV. APPROVAL OF MINUTES

##### a. *Utilities Board Minutes from January 31, 2007*

The Vice-Chairman inquired if corrections or editorial editing was recommended for the Minutes from the January 31, 2007, Utilities Board meeting. No editing was requested.

***MOTION BY Mayor Small to approve the Utilities Board of the City of Daphne minutes from the regular Board meeting conducted January 31, 2007; Seconded by Mr. White.***

**AYE: ALL IN FAVOR**

**NAY: NONE OPPOSED**

**MOTION CARRIED**

#### V. OLD BUSINESS

##### a. *Park City Agreement:*

Mr. McElroy stated that there were no further developments on this issue

##### b. *Rick Fine Agreement:*

Mr. McElroy stated that Mr. Fine had previously said he was preparing to come to this meeting in order to address the Board on the same issue that was discussed at last month's meeting.

**c. Lend-A-Hand:**

Rob McElroy provided information as to how Daphne Utilities can proceed forward without giving Daphne Utilities money to the program and being sustained by customer contributions. He stated that this information has been forwarded to the 3rd party that prepares the customer statements and awaiting a proof statement that will be forwarded to Board members for review. Vice Chairman Scott asked when the statements may be mailed; Mr. McElroy notified him that a March 2007 is planned.

**VI. NEW BUSINESS**

**a. Alabama League of Municipalities – 2007 Municipal Achievement Award**

Mr. McElroy stated that the announcement was made to the City Council regarding the Municipal Achievement Award 2007 for the City of Daphne on the Bio-Diesel and Oil Recycling Program. Mr. McElroy notified the Board that representatives from the Alabama League of Municipalities will be in town the week of March 19, 2007, for filming in and around the City of Daphne and further stated that this was a City of Daphne award and requested primary input from the Mayor.

**b. Final Auditor's Report:**

MOTION BY Mayor Fred Small to accept the Auditor's Report for 2006; Seconded by Mr. Johnston. Vice Chairman Scott called for discussion, of which there was none.

**AYE: ALL IN FAVOR**

**NAY: NONE OPPOSED**

**MOTION CARRIED**

Vice Chairman Scott then congratulated the staff on a very good audit.

**c. Proposed Meter Deposit Changes**

Mr. McElroy advised the Board that notification will be printed on the next cycle of customers' statements with regard to consideration of the rate increase in the minimum fees that will be considered in the March meeting. He then referred to Drew Klump to inform the Board of the situation with the temporary meter permit deposits whereby \$100 deposits are made by commercial customers for temporary meters that range in cost from \$600-\$700 and the meters are then not returned. He suggested to increase the deposit fee from \$250- \$650 depending on the type meters for commercial purposes and clarified a question to Vice Chairman Scott that this fee is refunded once the meter has been returned. Mayor Small stated that the Board should not have to take Board action since this is not considered a rate, but a refundable deposit. Mr. Johnston also supported this decision. Vice Chairman Scott suggested that an explanation should be given if questions arise as to the increase in the deposit fee. He also recapped from the Work Session the discussion on the deposits for individual water, sewer, and gas, but stated that this would require Board action on this matter. Mr. McElroy and Mrs. Logiotatos stated that they would compile statistics relating to this topic to present in the March meeting.

**d. Surplus Sale**

Mr. McElroy discussed the topic of participation in the Surplus Sale and advised the Board that details and proper authorization are still being finalized with Jerry Speegle. He stated that this could be further discussed at the March meeting. Mayor Small suggested that Mrs. Logiotatos contact Suzan for questions about the Surplus Sale.

**e. Resolution to Council for Property Swap re: Riviera Utilities**

Mr. McElroy commented that proper Resolution is needed from the City Council authorizing Daphne Utilities to exchange the property known as the old substation behind the main office with Riviera Utilities. He stated that Riviera Utilities is ready to finalize this exchange. Vice Chairman Scott questioned why the City Council is required to authorize this exchange. Mr. Speegle answered that it falls under the Statute by which the Utilities Board is organized states that to sell or exchange property of the Utilities Board that the City Council is required to consent or approve.

Public participation was offered; no participation took place.

**VII. BOARD ATTORNEY'S REPORT**

Mr. Speegle reported to the Board that it appears that the Haley's Lane issue is in the process of being resolved amicably. He commented on the Park City Water goals of collection of delinquent sewer charges and moving forward with making a proposal with Park City. Mr. Speegle notified the Board of changes made to the By-Laws and requested to be made aware of any changes and/or corrections. Mr. Speegle requested to address the matters of Skipper Tonsmeire and Friday Construction Company, LLC, in Executive Session. He commented on the Clearwire, LLC issue that after writing the company, a Clearwire representative responded to terminate the agreement to construct communications equipment on a Daphne Utilities water tower. Mr. Speegle also

requested to discuss the Seaman Capital Real Estate, LLC issue in Executive Session. Mr. White asked Mr. Speegle about the Haley's Lane issue and also asked about getting Mr. Soutullo a check valve, to which Mr. Lyndall responded that the development is not yet at that point. A discussion evolved regarding the sale of check valves to customers and the cost.

## VIII. FINANCIAL REPORT

Teresa Logiotatos reviewed with the Board the Summary, liabilities, and natural gas revenues. Vice Chairman Scott asked as to the income or loss compared to a year ago. Mrs. Logiotatos stated that she would email that information to him. He asked to have a comparison included in the Financial Summary information.

## IX. GENERAL MANAGER'S REPORT

### a. *GM Report*

Mr. McElroy reviewed the topics from the work session. He asked the Board to review their contact information to update the files. Mr. McElroy reminded the Board of the Employee Appreciation Banquet on March 31, 2007. Melinda Immel updated the Board on the test well with good reports, but indicated that communication should be made with the School Board on the closure of the Daphne High School irrigation well. A discussion regarding a raw water line and the irrigation well closure took place between Mr. McElroy and Melinda Immel. Mr. McElroy then commented on the progress of the storage tank, and mentioned that at completion, he hoped he could have a photo opportunity with the Mayor and possibly a Daphne High School student and develop a scholarship program for the high school relative to Daphne Utilities and scientific or environmental studies.

### b. *Operations Report*

Operations Report as submitted; no discussion took place.

## X. BOARD ACTION

### A. Resolution 2007-03 establishes a Finance Committee in accordance with the Utilities Board By-Laws

MOTION BY Mayor Fred Small to adopt Resolution 2007-03; Seconded by James "Bo" White.

**AYE: ALL IN FAVOR**

**NAY: NONE OPPOSED**

**MOTION CARRIED**

Resolution 2007-04 establishes the Finance Committee nominations

NOMINATION BY Mayor Small to appoint Mr. Lon Johnston as Chairman of the Finance Committee. Seconded by Mr. White.

**AYE: Scott, Small, White**

**NAY: NONE OPPOSED**

**ABSTAIN: Johnston**

**NOMINATION PASSED**

NOMINATION BY Mr. Johnston to appoint Mayor Fred Small and Mr. White as the remaining members of the Finance Committee of the Utilities Board of the City of Daphne. Seconded by Vice Chairman Scott. All members present concurred and the motion passed.

**AYE: ALL IN FAVOR**

**NAY: NONE OPPOSED**

**MOTION CARRIED**

### B. *Motion to Adopt Revisions to Utility Board By-Laws*

MOTION BY Mr. Johnston to adopt the revisions to the Utilities Board By-Laws. Seconded by Mayor Small.

**AYE: ALL IN FAVOR**

**NAY: NONE OPPOSED**

**MOTION CARRIED**

### C. *Motion to Accept Auditor's Report:* performed under New Business

### D. *Motion to Accept Daphne Utilities Strategic Plan*

Mr. McElroy requested a motion from Vice Chairman Scott to adopt the Strategic Plan that was presented at the work session based on that the Board is a key part of the Strategic Plan and requested Board support.

MOTION BY Mayor Small to accept Daphne Utilities Strategic Plan. Seconded by Mr. Johnston.

**AYE: ALL IN FAVOR**

**NAY: NONE OPPOSED**

**MOTION CARRIED**

**XI. PUBLIC PARTICIPATION**

Mr. Rick Fine arrived near the end of the meeting. Vice Chairman Scott granted him the opportunity to speak. Mr. Fine made his presentation regarding his plans for the Daphne Utilities' maintenance facility property and the development he is initiating. He asked the Board once again for a "free option" for this property. Mr. McElroy reviewed the background on the Utilities Board's agreement with Mr. Fine and concluded that there is no functioning option agreement with him. A discussion followed with regard to the purpose of an "option" and its value. Vice Chairman Scott concluded that a negotiation in this matter in a public forum is not the place to be discussed and suggested Mr. Fine make the revised presentation to Mr. McElroy who in turn will again present it to the Board. He also commented that it is not the will of the Board to give an extension for a "free option" on this property.

**XII. BOARD COMMENTS – None**

**XIII. EXECUTIVE SESSION**

*Vice Chairman Scott moved to go into Executive Session to discuss pending legal matters at 5:55 pm. Executive Session concluded at 6:29 pm.*

**XIV. ADJOURNMENT**

**MOTION BY Mayor Small to adjourn the meeting. Seconded by Mr. Johnston.**

**AYE: ALL IN FAVOR**

**NAY: NONE OPPOSED**

**MOTION CARRIED**

**The meeting adjourned at 6:30 p.m.**