



Daphne Utilities

MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ January 31, 2007 ♦ 5:00 p.m.

I. Call to Order

The January 31, 2007, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman, Mr. Segalla, at 5:07 p.m.

II. Roll Call

Members Present: Robert Segalla, Chairman
Ron Scott, Vice-Chairman
Lon Johnston, Secretary/Treasurer
Fred Small, Mayor
Bo White

Others Present: Rob McElroy – General Manager
Danny Lyndall – Operations Manager
Jerry Speegle – Board Attorney
Teresa Logiotatos – Finance Manager
Tammy Canupp – Billing Coordinator
Voneka Nettles – Accounts Payable
Lori Scharles – Administrative Assistant
Melinda Immel, Volkert – Engineer
Paul Soutullo – Public Participant

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 December 27, 2006*

The Chairman inquired if corrections or editorial editing was recommended for the Minutes from the December 27, 2006, Utilities Board meeting. No editing was requested, however the Chairman inquired about an email request he had made regarding account information. Mrs. Logiotatos explained that information was concerning a CD and would be covered under Financials.

Mr. Johnston motioned for approval of the, Utilities Board of the City of Daphne, minutes from the regular Board meeting conducted December 27, 2006; Mr. Scott seconded the motion, all members present concurred and the motion carried.

V. Old Business

a. *Park City Agreement*

Rob McElroy stated that a signed agreement with Park City has not yet been achieved; however, negotiations are still underway to work out the whole agreement. He referred to Jerry Speegle who further commented that he has spoken with Pat Collins who represents Park City and will proceed to enter into an agreement with Park City.

Park City is requesting Daphne Utilities' capabilities of making repairs to their system which Daphne Utilities could provide so long as they meet certain conditions and also to determine the status of the sewer in order to be paid. Mr. Speegle also stated that they are in need of Daphne Utilities' storage capacity; however that is questionable considering Daphne Utilities' own needs. These items will be discussed further with Pat Collins in the coming weeks. Mr. Segalla added that the Board's opinion is to delay any commitment of any storage capacity, exemplifying last summer's situation of running low with the water storage capacity. He commented that even though a 3million gallon tank is being constructed and the population of the City of Daphne is growing, Daphne Utilities should not be in a position of promising water to other areas and not be available to service our own customers. He stated this part of the negotiation will be off the table. Mayor Small asked to examine the agreement before sending it to Park City. He stated that the City would like to include in the agreement such conditions as collection of garbage fees. Mr. McElroy assured the Board that the ultimate goal was to be able to achieve a good enforcement policy for collection of sewer and garbage fees of this area. Mr. Segalla suggested including Mayor Small or Mr. Eslava, if the Mayor is unavailable, in the meetings. Mayor Small stated that he would like to be included in the meetings. Mr. McElroy agreed.

b. Utilities Board Property – 19 Acres

Rob McElroy stated that this will be tabled for a few months because it was not a priority to Daphne Utilities at this time. Mr. Segalla suggested establishing a new category under **Old Business – Items in Abeyance** so that it is not overlooked in the future.

c. Haley's Lane Sewer

Mr. McElroy referred to Jerry Speegle who detailed the actions taken to date to resolve this issue which concluded with the recommendation that no further Utility money be expended investigating this complex title matter. He suggested that the owners have the line built up to the Daphne Utilities main in order to tie in. Ron Scott commented that there was a lot to cover and inquired as to why this issue was again covered in detail. Mr. Speegle explained that the reason he explained this situation at such length is because Mr. Paul Soutullo was in attendance and had not heard this discussion. Mr. Segalla noted that this discussion was an exception, that the Utility Board would absorb the \$500 in the research fees and attorney's fees and that the Board has no problem with the Haley's Lane residents building the line and hook up to the sewer and that at this time the Utility Board is now out of options. Mr. Soutullo asked that if he pursued this process, could Daphne Utilities provide a backflow device. Danny Lyndall explained that this would be a cost incurred with each property tying onto the lines. Mr. McElroy stated that it would be a minimal cost. Mr. Segalla suggested that we get these items for Mr. Soutullo and he would pay for them and to coordinate this with Mr. Lyndall.

d. Rick Fine Agreement (Sale of Maintenance Facility property)

Rob McElroy updated the Board on the agreement with Rick Fine that, as of this afternoon, no payments have been received for the January 2007 payment on the original agreement of \$5,000 per month to be applied toward the finalized sale price of the property. Therefore this option agreement is no longer in force. Mr. McElroy stated that he met with Mr. Fine the afternoon of January 31, 2007, and now requesting from the Board a free option until December, 2008. Mr. McElroy relayed to the Board that he denied Mr. Fine's request. Mr. Segalla concurred. Mr. Scott asked if any money was collected from Mr. Fine. Mr. McElroy stated that \$15,000 total was collected and further explained that the check is clear title to Daphne Utilities and is currently in an escrow account with instructions to forward it to Daphne Utilities upon which will be deposited.

Before moving on to New Business agenda items, Mr. Johnston requested to have the correct meeting date and times published in the newspaper. Mr. Segalla stated that he mentioned this previously and asked if this task could be completed.

VI. New Business

a. Strategic Plan Introduction

Mr. McElroy introduced the draft copy of the Strategic Plan for Daphne Utilities and explained that this will be an evolving document and requested a work session for Wednesday, February 21, 2007 at 5pm in the City Council Chambers. In addition to discussing the Strategic Plan, the work session will also review the Capacity Fee Calculations, and the Sewer Capacity Fee Timing.

b. Proposed Rate Increase

Mr. McElroy further talked about the proposed rate increase and advised the Board that he had a prepared a presentation for this topic. Mr. Segalla requested if this could be presented toward the end of the meeting.

c. "Lend a HAND" Program

Tammy Canupp explained that Daphne Utilities had partnered with Ecumenical Ministries, a non-profit, non-denominational, United Way social services organization to assist Daphne Utilities customers which will begin in February. She stated that customers can contact Ecumenical Ministries directly for financial assistance with their utilities bills. Daphne Utilities will seed the program with \$1,000 and will then request Daphne Utilities customers to donate by rounding to the next dollar higher on their utility bill. Mr. Segalla asked how this information will be relayed to the customers. Mrs. Canupp clarified that this information will be printed on the bills and as well as flyers being inserted into the bills. Mr. Johnston asked about the bank draft option as to how customers could donate; Mrs. Canupp noted that since the flyers were just a sample, the bank draft information could still be included. Mr. McElroy also mentioned that this information will also be available on Daphne Utilities web site. Mrs. Canupp reiterated the customer notification process and the duration would be for the next three months. Mr. Johnston requested that the City Council members advise the remaining Council members at the next City Council meeting. Mr. Scott agreed to do so.

d. Bio-Diesel Production

Mr. McElroy state that there was not much more to report on the Bio-Diesel program other than the news report that appeared on WKRG that came up at the last minute but that he was glad to continue the positive image.

e. Mechanical Contract Award for 3MM Gal Ground Storage Tank

Mr. McElroy referred to Melinda Immel from Volkert Engineering to address the mechanical contractor for the 3MM Gallon Ground Storage Tank. She explained that this project bid on Monday, January 29, 2007, and received four proposals. She stated that upon the evaluation of the proposals a mathematical error on the Gulf Equipment bid and that Gulf Equipment ended up being the low bidder. She also stated that one of the bids was considered non-responsive for failing to complete two bid items. She recommended awarding the contract to Gulf Equipment Corporation in the amount of \$419,794.00. Additional information on this report, see the Volkert Project Status Report dated January 25, 2007.

f. Resolution – Bond Trustee Change

Mrs. Logiotatos discussed the bonds' locations and the change of hands with the banking company and requested the Board to pass a Resolution to change to the Bank of New York due to the fact that the services from the current banking institution have not been dependable and that by changing to the Bank of New York will save on banking fees. Mr. Segalla stated that he has no problem with the changes, especially if he could save Daphne Utilities money and provide a lower interest rate.

VII. Board Attorney's Report

Mr. Speegle stated that there were a few items to review in executive session.

VIII. Financial Report

Mrs. Logiotatos referred to representatives from Gardnyr Michael Capital, Inc. to discuss a refunding on a bond issue. Mr. Larry Jackson handed out and reviewed information highlighting a refunding opportunity for the 2000B Bonds.

The Chairman motioned for approval of this Proposal by Gardnyr Michael Capital, Inc., Mr. Scott so moved the motion, Mr. Johnston seconded the motion, all members present concurred and the motion carried.

Mrs. Logiotatos then answered previous rate and duration inquiries on a \$2 million CD and notified the Board of other opportunities to earn a better interest rate. She mentioned that the Daphne Utilities audit numbers should be ready to present to the Board by the next Board meeting, but would like to schedule a Finance Committee meeting before that time to review that information. She reviewed and explained communication figures after a comment was made from last month. She highlighted notable interests on the Financial Summary.

IX. General Manager's Report

a. GM Report

Mr. McElroy stated that he was in the process of scheduling a meeting with Shaw regarding the Bio-Terminator to make a determination on whether to continue or disregard completely. He then talked about the agreement with Earth-Clean Technologies and the changes that have occurred with the Bio-Diesel production and the direction of this program. Mr. Segalla stated that since there have been good reports about the program and it does help alleviate the grease from entering into the sewer system, he would like to see the program continue a while

longer. Mayor Small questioned about ownership of the equipment. Mr. McElroy explained that Earth-Clean owns the tanks, but Daphne Utilities paid to set them and paint them.

Human Resources Report

Due to Mrs. Brown's absence to respond to an employee injury, there was no Human Resources report given at this time.

b. *Operations Report*

Mr. Lyndall reported that he received recently information from Griner Drilling that they are experiencing 300 gallon per minute on that well and were planning to run samples to make sure that this well is going to be a good producing well for Daphne Utilities. Mr. Segalla inquired as to the number of gallons needed to be pumped to guarantee 300 gallons. Ms. Immel shared her updated information she received from Griner Driller and the process and procedures that will follow to establish this well.

Mr. Lyndall asked if there were any more questions. Mr. Segalla mentioned that he has noticed some Daphne Utilities employees using cell phones while driving. He suggested that as long as it is business related, it is acceptable; but employees using cell phones for personal use while driving a Daphne Utilities vehicle could result in an accident and asked that this be incorporated into a departmental meeting topic. Mr. Lyndall stated that there is a policy in place and that it will be reviewed.

Mr. Segalla also asked about the issue with the site of Sam's Wholesale Club and the water tap main being placed fifteen feet deep, to which Mr. Lyndall explained how the issue was resolved by redesigning the engineering around the building.

Mr. Segalla then requested to amend the agenda slightly to ask for public participation from guests seated in the Council Chambers before moving on to voting on the Board Actions.

X. *Board Action*

A. Contract Award – Mechanical Package for 3MM Gal. Ground Storage Tank

Mayor Small made a motion to award the bid for the Mechanical Package to Gulf Equipment Company in the sum of \$419,794.00. Mr. Johnston seconded the motion, all members present concurred and the motion carried.

B. Resolution 2007 – 2007-01 Rate Increase

Mr. Johnston moved to approve Resolution 2007-01. Mr. Segalla appointed Mr. Scott as Chairman. Mr. Segalla seconded Mr. Johnston's motion. Chairman Scott stated that the motion had been seconded and called for discussion. Mr. McElroy was asked to proceed with his Water and Sewer Rates presentation.

Mr. McElroy's presentation consisted of a PowerPoint slide presentation that coincided with a handout of Water and Sewer Rates. The presentation included information on the benefits of and justification for a rate increase. Chairman Scott expressed concerns on the timing of the proposed rate increase. Mr. White was apprehensive regarding the manner of public notification of the proposed rate increase.

Chairman Scott called for question. Mr. Segalla and Mr. Johnston voted in favor; Mayor Small and Chairman Scott opposed; Mr. White abstained. The vote failed to pass.

After much discussion, the General Manager was instructed by the Chair to place a Public Notice in the newspaper that the proposed rate increase would be again considered at the March Board Meeting when the full Board would be present. Chairman Scott relinquished the Chairmanship position back to Mr. Segalla.

B. Resolution 2007 – 2007-02 Bond Trustee Change

The Chairman entertained a motion for approval of Resolution 2007 – 2007-2 Bond Trustee Change; Mr. Scott so motioned for approval of Resolution 2007-02 as submitted. Mr. White seconded the motion. All members present concurred and the motion carried.

XI. **Public Participation** – No participation took place.

XII. **Board Comments** – None

XIII. **Executive Session**

Chairman Segalla moved to go into Executive Session to discuss pending legal matters at 6:40 p.m. Mr. Scott left the meeting at this time. Executive Session ended at 6:56.

XIV. **Adjournment**

Chairman Segalla entertained a motion to adjourn the meeting; Mayor Small so moved, Mr. White seconded. The meeting adjourned at 6:57 p.m.