



# Daphne Utilities

## APPROVED MINUTES

### Utilities Board Meeting

City of Daphne Council Chambers ♦ July 25, 2007 ♦ 5:00 p.m.

#### I. CALL TO ORDER

The July 25, 2007, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman, Mr. Segalla, at 5:00 p.m.

#### II. ROLL CALL

**Members Present:** Robert Segalla, Chairman  
Lon Johnston, Secretary Treasurer  
Fred Small, Mayor  
James "Bo" White

**Members Absent:** Ron Scott, Vice Chairman – arrived 5:05 PM

**Others Present:** Rob McElroy – General Manager  
Danny Lyndall – Operations Manager  
Jerry Speegle – Board Attorney  
Deloris Brown – Human Resources Manager  
Drew Klumpp – Adm. Services Manager  
Rebecca Williamson  
Cedric Goodloe  
Lori Scharles – Executive Assistant  
Melinda Immel, Engineer– Volkert  
Ray Moore, Engineer – HMR

**Others Absent:** Teresa Logiotatos – Finance Manager – arrived 5:10 PM

#### 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 June 27, 2007*

The Chairman inquired if additions, deletions or corrections were recommended for the Minutes from the June 27, 2007, Utilities Board meeting. No editing was requested.

**MOTION BY Mr. Johnston to approve the Utilities Board of the City of Daphne minutes from the regular Board meeting conducted June 27, 2007; Seconded by Mayor Fred Small.**

**AYE: SEGALLA, JOHNSTON, SMALL, WHITE**

**ABSENT: SCOTT**

**MOTION CARRIED**

## V. OLD BUSINESS

### a. *Park City Agreement:*

Mr. Speegle advised the Board that recent communications with Tim Grogan, the new attorney for Park City Water Board, were favorable but should not prevent nor delay Daphne Utilities from moving forward with an alternate proposal of putting in place a process of cutting off sewer if necessary. Mr. Segalla informed that if somebody at Park City is not hooked up to sewer, the capacity fee that was applicable at the time the ordinance was written is what they are charged.

### b. *Land Swap / Surplus Sale:*

Mr. Speegle informed the Board that the closing delay was due to old mortgages left over from bond issues. He advised that all paperwork had been addressed and closing should be without any further delays.

### c. *Rick Fine Agreement:*

Mr. McElroy reported to the Board that after the investigation of Mr. Fine's request of a vacation of easement on the Merritt property, it was discovered that a sewer line serving the existing building that houses the World Gym. He explained that Rick Fine has not submitted any drawings of the proposed development and that he has been informed that in order to move forward with the agreement, drawings or plans need to be reviewed. Mr. Segalla noted that Mr. Fine will have to submit his plans to the Planning Commission for approval and his intention for that existing building and sketches may be revealed at that time.

### d. *Sidewalk Easement:*

Mr. McElroy stated that the sidewalk in front of the main office building has been completed.

### e. *Pay scale Adjustment*

Deloris Brown advised that further discussions need to take place before presenting the proposed Pay scale Adjustment to the Board. Mr. Segalla requested that this discussion should include the Finance Chairman. Mr. McElroy agreed.

### f. *Daphne High School Stadium*

Mr. McElroy informed the Board that a suitable agreement concerning the capacity fees had been arranged, although two issues remain unresolved. He stated that he obtained a signed agreement with Mike Keating, Baldwin County Board of Education's Planning and Construction Management Director, in favor of a 12-month delay on the payment of any of the capacity fees in order to study the actual usage of the stadium facility to give the most accurate assessment calculation of the fees. He notified the Board that the water meter had been installed, however problems had been encountered having it installed correctly and that the hydro-test was unacceptable, but Daphne Utilities continues to work with the contractor on these issues. Mr. Segalla stated that the arrangement appears to be in the best interest of the school as well as Daphne Utilities and commended the staff.

### g. *Items in Abeyance*

1. Gas Franchise: No new development.
2. 19 Acres – Daphne Utilities property: No new development.

## VI. NEW BUSINESS

No New Business discussed for this meeting.

## VII. BOARD ATTORNEY'S REPORT

Mr. Speegle noted that the Park City issue had been discussed; he further reported that he has had no response from Friday Construction although Mr. McElroy did encounter Mike Cominsky who said he was going to sue Daphne Utilities. Mr. Speegle also stated that Friday Construction had not provided any information that was requested in his last correspondence. Mr. Segalla noted that Mr. Stanard's office appears to have relocated from its previous location. Mr. Speegle advised the Board of his communications with Bill Lewis of Seaman's Capital and that he had been give a recalculation of his capacity fees. He stated that with the recalculated reduced fees, Mr. Lewis expressed that he was not certain if the project was viable. Mr. Segalla recommended that when other apartment builders present projects that there should be a differentiation between 1 and 2 bedroom capacity fee calculations. Since the matters for the Belforest Request and the Rick Fine Agreement had been handled, Mr. Speegle noted that the concern with Verizon tower lease had been omitted from his report but had updates on

this subject. He commented that Danny Lyndall had discovered two deeds showing Lots 29 and 30 of Dryer Subdivision, on which the water tower is situated, that was conveyed by the Town of Daphne to the Utilities Board in 1953 and had been overlooked during the title search that Verizon had performed. Mr. Speegle informed the Board that he has forwarded the City attorney an ordinance for City Council approval for leasing the property but that conveyance by the City is not necessary.

**VIII. FINANCIAL REPORT**

Teresa Logiotatos reviewed the financial information with the Board. She highlighted the net income and stated that it was due to the under-expenditure of the high cost purchase of natural gas for this year. Mr. McElroy pointed out that the price of gas used in the budget was provided to Daphne Utilities by the natural gas supplier. Mr. Johnston stated that it was an acceptable and explainable deviation. Mrs. Logiotatos commented on the line items for Timbercreek sewer and water tap fees budget amounts versus actual amounts on the Income Statement-Combined and suggested that they be included in the regular water and sewer for the next budget season in lieu of keeping them separated. Mr. Scott commented that the financials are just as he likes it. Mr. Johnston inquired as to the separate revenue graphs for water and irrigation.

**IX. GENERAL MANAGER'S REPORT**

**a. GM Report**

Mr. McElroy informed the Board of the meeting with Shaw regarding the bio-terminator but that no conclusions were made at that time and further research would continue. He notified the Board of the development retreat during the next two days and invited all Board members to participate. Mr. Scott commented on his participation for the Lend-A-Hand program and asked if details of overall program involvement could be reported. Mr. McElroy stated that a graph will be generated as participants and contributions are enrolled and collected. Mr. Scott also inquired as to the procedures of the online payment.

**Operations Report**

Mr. Lyndall commented that he had nothing further to add to his report.

Ray Moore reviewed the HMR status report with the Board.

Melinda Immel also reviewed the Volkert status report with the Board. She updated Mr. Scott and the Board of the Hwy. 90 Sewer Project, confirmed that March 2008 is the deadline, and advised that permitting delay issues with the Corps of Engineers and the Alabama Department of Transportation are being managed.

**X. BOARD ACTION – None**

**XI. PUBLIC PARTICIPATION – None**

**XII. BOARD COMMENTS – None**

**XIII. EXECUTIVE SESSION**

***MOTION BY Chairman Segalla to go into Executive Session to discuss pending legal matters at 5:30 pm. Seconded by Secretary Johnston. Executive Session concluded at 5:56pm.***

**AYE: ALL IN FAVOR                      NAY: NONE OPPOSED                      MOTION CARRIED**

**XIV. ADJOURNMENT**

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

**AYE: ALL IN FAVOR                      NAY: NONE OPPOSED                      MOTION CARRIED**

**The meeting adjourned at 5:56 pm.**