



Daphne Utilities

APPROVED MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ September 24, 2008 ♦ 5:00 p.m.

I. CALL TO ORDER

The September 24, 2008, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman Robert Segalla, at 5:00 p.m.

II. ROLL CALL

Members Present: Robert Segalla, Chairman
Ron Scott, Vice Chairman
Fred Small, Mayor

Others Absent: Lon Johnston, Secretary Treasurer
Fenton E. Jenkins

Others Present: 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
Tammy Canupp
Tim Patton – Volkert
Melinda Immel – Volkert

Others Absent: Ray Moore – HMR

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 August 27, 2008:

The Chairman stated there were no additions, deletions, or corrections for the Minutes from the August 27, 2008, Utilities Board meeting. No comments were given.

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

AYE: SEGALLA, SCOTT, SMALL

ABSENT: JENKINS, JOHNSTON

MOTION CARRIED

The agenda was rearranged in order to accommodate for public participation without delay for Executive Session.

V. OLD BUSINESS

a. Revisions of Bylaws

MOTION BY Mayor Fred Small to approve the final revised changes of the Bylaws of Utilities Board of the City of Daphne, Alabama, Article V – Directors, 5.01, as presented to Board on September 24, 2008,

AYE: SEGALLA, SCOTT, SMALL

ABSENT: JENKINS, JOHNSTON

MOTION CARRIED

b. Items in Abeyance

1. **Gas Franchise Agreement** – no updated information.
2. **19 Acres – Daphne Utilities property** – tabled until November.
3. **Daphne High School Stadium** – Mr. McElroy stated that he spoke with the Baldwin County Board of Education representative regarding the issue of the payment adjustment and this issue should be resolved in the coming weeks.
4. **Capacity Fee Study** – Mr. McElroy explained that plans are under way to call a session of the finance committee or a Board work session in approximately 6 months that will include a comprehensive rate study to review the complete financial health of the utility.
5. **Park City Service Agreement** – Mr. McElroy advised that efforts to refine the wording for the Sewer Only Policy is still in progress.

Mayor Small commented on the 19 Acres issue. He stated that this topic has been on our agenda for quite some time without much feedback from the residents and that he had some ideas about the property that he had not yet discussed with the other Board members concerning another group that may want to buy the property as a whole then make it a conservation easement for the whole 19 acres. He further commented that the Corps permit discussion at previous Board meetings that spurred the influx of participation against the idea surprised him. Mr. Scott also added that being a public corporation and are unable to give away anything and are obligated to do what is best in the financial interest of the 10,000 customer of Daphne Utilities.

VI. PUBLIC PARTICIPATION –

Chairman Segalla called for public participation to allow the public to voice concerns without delay due to the impending Executive Session which Mr. Scott clarified had nothing to do with the 19 Acres issue.

Ms. Denise Browning of 301 North Woodridge Drive addressed the Board as the President of the Homeowners Association for the Woodmont Association, 70 families, 70 homes. She stated that Campbell's Swamp impacts 12 of the Woodmont residents directly and that the Woodmont Homeowners Association is in constant communication with the Bay View Drive residents and that their position is against development of the 19 acres in question. She further commented concern about the filling in of the associated wetlands and the impact on the area from past and future hurricanes and also expressed concern of the sporadic notification by the Corps of Engineers. Chairman Segalla as well as Mayor Fred Small clarified that they had only been recently contacted by community residents within the past three weeks. Mr. Terry Moore of 444 Village Drive whose property directly borders the 19 acres expressed his disappointment at the lack of notification from the Corps of Engineers, as well as his concerns of filling in the wetlands. He respectfully requested to keep everyone involved as this issue further proceeds. Chairman Segalla explained to the public that he suggested the Utility do something with this property when a property inventory review was performed and that under the Utility's bond covenants, the Utility is prohibited from giving anything away for free. He further explained that the goal was to prepare 3 or 4 acres as home sites and a common area with a stipulation that the purchase of the property would have to keep 15 acres in a conservation trust forever and the property would revert back to the Utility if the purchaser intended to do anything else with the property. Chairman Segalla stated that his fiduciary responsibility, and as stated by Mr. Ron Scott as well, is to the 10,000+ water customers. He clarified that the Utility is continuing to work on the permitting process and a final decision has not been made. Rob McElroy affirmed that the Utility is a transparent organization and as the permit moves forward and any questions from the community arises, he stressed to be contacted.

Chairman Segalla closed Public Participation.

VII. New Business

a. *Retiree Cost of Living Increase, Act 2008-555*

Deloris Brown explained to the Board the Act 08-555 of the Alabama Legislature referencing a cost-of-living increase for retirees for which Daphne Utilities has five retired employees for an approximate cost of \$300 per year per

employee. Ron Scott calculated the cost to represent \$1.00 per month for each month of service. Chairman Segalla clarified the wording in the Memo as a "one time bonus".

MOTION BY Mr. Scott to adopt Resolution 2008-03 to participate in the RSA Retiree Cost of Living Increase of a One Time Lump Sum in the amount of \$1.00 per month per the retiree's service to the Daphne Utilities; Seconded by Mayor Small.

AYE: SEGALLA, SCOTT, SMALL

ABSENT: JENKINS, JOHNSTON

MOTION CARRIED

b. *FY 08-09 Budget*

Rob McElroy informed the Board that 08-09 Budget proposal will be distributed on Monday (9/29/08) and will be scheduling a Finance Committee meeting in the following two weeks to review the proposal for an approved Final Budget for the October 2008 meeting.

c. *Election of Officers*

Chairman Segalla noted that the submitted Board Member & Administrative Staff Contact List has some discrepancies. Mr. Speegle clarified that if a City official is re-elected for his term for the City, the Board member continues to serve out the term for the Utility. Chairman Segalla called for nominations for the Chairman of the Board for the Utilities Board of the City of Daphne

MOTION BY Mayor Small to nominate Robert Segalla for the position of Chairman of the Board for the Utilities Board of the City of Daphne. Seconded by Ron Scott.

AYE: SEGALLA, SCOTT, SMALL,

ABSENT: JENKINS, JOHNSTON

MOTION CARRIED

MOTION BY Chairman Segalla to nominate Ron Scott for the position of Vice Chairman of the Board for the Utilities Board of the City of Daphne. Seconded by Mayor Fred Small.

AYE: SEGALLA, SCOTT, SMALL,

ABSENT: JENKINS, JOHNSTON

MOTION CARRIED

MOTION BY Chairman Segalla to nominate Lon Johnston for the position of Secretary/Treasurer of the Board for the Utilities Board of the City of Daphne. Seconded by Ron Scott.

AYE: SEGALLA, SCOTT, SMALL,

ABSENT: JENKINS, JOHNSTON

MOTION CARRIED

VIII. BOARD ATTORNEY'S REPORT

Mr. Speegle had no further information to add to his report except to include no movement on Item 3. He stated that whenever the Chair is ready, to move to Executive session to discuss impending litigation. Chairman Segalla recommended holding Executive session at the end in order to keep from detaining the public.

IX. FINANCIAL REPORT

Teresa Logiotatos reviewed the financial report with the Board. She informed the Board that the annual audit will be conducted in the coming months and that the warehouse inventory will be included for the first time; she invited the Board to stop by and meet the auditors.

X. GENERAL MANAGER'S REPORT

a. *GM Report*

Rob McElroy had nothing further to add to his report.

b. *Operations Report*

Danny Lyndall introduced Jim Caudle as the new Wastewater Treatment Plant Manager to the Board. Ron Scott inquired about the use of natural gas conversions of the Utility's vehicles. Mr. McElroy advised that arrangements are being discussed to implement the usage of natural gas to run the Utility's vehicles.

Melinda Immel had only to direct the Board to consider the award of the Outfall Booster Pumps for the Wastewater Treatment Facility to the low bidder BallCon, Inc. in the amount of \$529,301.00. She confirmed for Chairman Segalla of previous contract dealings and the quality work they performed.

MOTION BY Mayor Fred Small to approve the award of the Outfall Pumping Project to BallCon, Inc. in the amount of \$529,301.00. Seconded by Mr. Scott.

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

Nothing further was commented to the HMR report.

XI. BOARD ACTION – presented above

XII. PUBLIC PARTICIPATION –

Chairman Segalla re-opened up the Public Participation for residents that arrived after the previous Public Participation was closed. Mr. Howard Rose, who resides at 602 Bay Bluff East, expressed to the Board his displeasure of the flawed notification from the Corps of Engineers. He also expressed his disapproval of cutting down 300+ trees for the purpose of preparing 3 residential lots. Chairman Segalla clarified that Mr. McElroy was misquoted in the newspaper article of which he was referencing, as well as restating the intent of the property that was previously addressed to Ms. Denise Browning and Mr. Terry Moore. Ron Scott also reviewed the previous address to the two residents present for Public Participation. Mayor Fred Small commented as well. Dr. Joe Fontenot of Village Drive and a member of the property owners association for Village Drive addressed the Board to state that the 19 acres property in questions is actually moving water, not really a swamp and that any clay or dirt fill placed there it will wash into the Bay or accelerate the flow of water around the fill.

Chairman Segalla then closed Public Participation.

XIII. BOARD COMMENTS – none.

XIV. EXECUTIVE SESSION –

MOTION BY Mayor Small to go into Executive Session at 6:04 pm; Seconded by Mr. Scott.

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

Executive Session concluded at 6:28 pm.

XV. ADJOURNMENT–

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

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

The meeting adjourned at 6:28 p.m.