



Daphne Utilities

APPROVED MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ August 29, 2007 ♦ 5:00 p.m.

I. CALL TO ORDER

The August 29, 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
Ron Scott, Vice Chairman
Lon Johnston, Secretary Treasurer
Fred Small, Mayor
James "Bo" White

Others Present: Rob McElroy – General Manager
Danny Lyndall – Operations Manager
Jerry Speegle – Board Attorney
Deloris Brown – Human Resources Manager
Drew Klumpp – Adm. Services Manager
Teresa Logiotatos – Finance Manager
Rebecca Williamson
Cedric Goodloe
Lori Scharles – Executive Assistant
Melinda Immel, Engineer– Volkert
Ray Moore, Engineer – 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 July 25, 2007*

The Chairman inquired if additions, deletions or corrections were recommended for the Minutes from the July 25, 2007, Utilities Board meeting. Corrections and editing was recommended by Mr. Johnston and Chairman Segalla.

MOTION BY Mr. Scott to approve the Utilities Board of the City of Daphne minutes from the regular Board meeting conducted July 25, 2007 with the recommended corrections and editing; Seconded by Mr. Johnston.

AYE: SEGALLA, SCOTT , JOHNSTON, SMALL, WHITE

MOTION CARRIED

V. OLD BUSINESS

a. *Park City Agreement:*

Mr. Speegle advised the Board that he had sent correspondence to the Park City Board attorney, Mr. Grogan, reiterating the terms of the proposed agreement but has had no response from Mr. Grogan. Mr. Speegle stated that Mr. McElroy and he were planning on implementing another option at the end of September. Mr. Segalla suggested that Mr. Speegle remind Mr. Grogan of the drop-dead date of September 26 and that another course of action will be taken if there is no response. Mr. Speegle stated that he believed he included that information in the correspondence.

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 noted that the mortgage was, for some reason, recorded in Jefferson County. He advised that he has now received the figures to pay the title policy amount and anticipated to complete the exchange in the next two weeks.

c. *Rick Fine Agreement:*

Mr. McElroy stated that he had discussed with Mr. Speegle the request to vacate an easement on the Merritt property as proposed by Mr. Fine. He informed the Board that he had just received an update on the counter-proposal from Mr. Speegle and intends to forward this to Mr. Fine for his review. Mr. Speegle commented that Mr. Fine has been given all proposal documents and that it is now up to Mr. Fine to make any comments and to pay the option fees associated with the contract. Mr. Segalla suggested that a finalization date should be established. Mr. McElroy stated that a deadline date will be included when the counter-proposal is transmitted to Mr. Fine.

d. *Pay scale Adjustment*

Deloris Brown updated the Board of the Finance Committee meeting that took place on Monday, August 27, 2007. She and Mr. McElroy explained that the requested 3% increase adjustment across the board in the pay scale ranges for certain positions was presented to the Finance Committee and is overdue with the most recent adjustment taking place in 2005 and that it is not to be considered a pay raise. After a discussion took place, Chairman Segalla requested that this issue be carried forward to next month for better clarification.

e. *Daphne High School Stadium*

Mr. McElroy informed the Board that the remainder of the test reports for the new main line that was taken over at the Stadium have been successfully received. He stated that after meeting with the Quarterback Club, a list of advertising opportunities were proposed for consideration and are awaiting word from them as to what the cost would be charged to Daphne Utilities for advertising. Chairman Segalla stated that Daphne Utilities should be charged what the current advertiser is charged, no more or no less, and that if the Quarterback Club cannot provide their current advertising rates, then Daphne Utilities does not need to proceed further. Mr. Scott remarked that while he agreed with Chairman Segalla regarding the advertising rate, he believes that a good relationship with the hometown high school is valuable and that Daphne Utilities and the Board should strive to be courteous and good partners with Daphne High School.

f. *Items in Abeyance*

1. Gas Franchise: According to Mr. Speegle, Daphne Utilities cannot be involved in negotiating this franchise agreement with the municipality and should be left up to the City of Daphne. He advised that he has expressed his expectations of support of Daphne Utilities by the City to Jay Ross, attorney for the City of Daphne, during the gas franchise discussions on behalf of the citizens of Daphne. A discussion took place regarding a recent newspaper article pertaining to local natural gas rates. Chairman Segalla requested of Mayor Small and Mr. Scott to encourage the Daphne City Council of more expedient action with the franchise agreement in order to avoid encroachment of other utilities in the Daphne service area.

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

VI. NEW BUSINESS

a. *Step-by Step Hiring Procedure*

Mr. McElroy announced to the Board that the Step-by-Step Hiring Procedure is a procedure, not a policy and wanted the Board to be aware of this procedure. He asked for the Board's recommendation to vote on the procedure. Chairman Segalla informed that if this is a policy, then it should be put to a vote. Mr. McElroy explained that it is a procedure and answered Mayor Small's question that the procedure will become incorporated into the handbook at some point. Chairman Segalla suggested to reconsider the note on Page 6 pertaining to refraining from "discussions of specific candidates should occur until all interviews are complete". Mr. Johnston commented that the procedures appear to address problems that have occurred in the past, but cautioned that enforcement of thoroughly following these procedures is essential. Additionally, he suggested that consequences of falsification of information should be included on the application. Mr. Scott asked for clarification of the non-budgeted positions relative to temporary hires. Mayor Small questioned if temporary hires will be reflected in the budget. Mrs. Logiotatos explained that temporary hires are shown for each department in the salary line item but are not budgeted unless advance indications necessitate.

VII. BOARD ATTORNEY'S REPORT

Mr. Speegle commented on the Verizon lease and explained that because of the questions of property ownership surrounding the lease agreement, Mr. McElroy requested that title searches be performed for all Daphne Utilities' properties. Mr. Speegle also informed the Board that he is working with Daphne City Attorney Jay Ross to devise a legal transaction whereby the Bay Rivers Art Guild building can be conveyed back to the City.

Mr. Speegle advised there has been no further communication with Mr. Lewis of Seaman's Capital regarding the method of calculation of the capacity fees for his planned apartment project at Whisper Pines and Pollard Road. Chairman Segalla asked to keep this issue on the report until it is certain this project will not be constructed.

Mr. Speegle notified there continues to be no change or development on the Friday Construction matter but will continue to include it in his report

VIII. FINANCIAL REPORT

Teresa Logiotatos reviewed the financial information with the Board. She noted the Financial Summary reflected an increase in the assets and liabilities. She also pointed out the inclusion of the Outstanding Bond Analysis. Mr. Johnston asked for Mrs. Logiotatos to comment on the debt reduction plans that were initiated at the Finance Committee meeting. She explained how Daphne Utilities is currently on a mission to pay off some of the smaller debts in the range of \$20,000 to \$30,000 to allow for investigation to pay off some of the higher interest rate issues. She advised that Pfil Hunt of Gardnyr Michael Capital, Inc. also recommended this maneuver. She stated she is first looking at the long-range plan to determine the needed funding for projects in the very near future. Mr. Scott suggested that a percentage be allocated for debt reduction in lieu of the savings account. Mr. McElroy noted that debt reduction is part of the approved Strategic Plan and it will be included in the budget that is to be presented to the Board in the next month or two. Chairman Segalla questioned the use of the capacity fee to be for a specific purpose. Mr. McElroy explained that they are restricted funds. Chairman Segalla agreed with the point Mr. Scott initiated that if there is money that it is escrowed for a meaningful purpose. Mrs. Logiotatos stated that more discussions are needed with the bond counsel. Mr. Johnston commented that flexibility needs to be developed to meet the various debt requirements needed and that the next ten years will quite possibly be financially challenged to increased growth and federal regulations. Mr. Scott commented his concerns for budgeting for debt reduction. Mrs. Logiotatos reviewed the remainder of the Financials. Chairman Segalla suggested a study and review of the use of the Fuelman program and a discussion of fuel usage resulted.

IX. GENERAL MANAGER'S REPORT

a. *GM Report*

Mr. McElroy reported to the Board of the Strategic Planning meeting with Jim Sisson of Vantage Associates and the response from the supervisors, board members and engineering firms representatives was positive and beneficial.

b. *Operations Report*

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

Melinda Immel reviewed the Volkert status report with the Board and an additional issue that was not included in the report. She explained that the water treatment facility construction bid date is scheduled for September 4,

2007, and requested the Board to authorize the General Manager to award and execute the contract based on Volkert's recommendations provided that no problems arise at the bid opening and present this to the Board at the September board meeting. Mr. Speegle approved of the request

MOTION BY Chairman Segalla to authorize the General Manager to pre-approve for ratification of the Construction of the Water Treatment Facility contract; Moved by Mayor Fred Small. Seconded by Mr. Johnston.

AYE: ALL IN FAVOR NAY: NONE OPPOSED MOTION CARRIED

Ms. Immel advised the Board of upcoming discussions with the Daphne Building Department to determine the permit fees.

Ray Moore reviewed the HMR status report with the Board. He commended Daphne Utilities for initiating the strategic planning retreat and commented that it was a good work session. Mr. Johnston also commented favorably on the strategic planning meeting and especially the positive interaction between the supervisors and their adoption of the "One Utility" attitude. Mr. Scott asked about the site plan at the Utility office and asked to see plans at the next meeting.

X. BOARD ACTION

- A. Step-by-Step Hiring Procedure – final recommended modifications to be made.**
- B. Adjustment to Pay Scale – secondary review.**

XI. PUBLIC PARTICIPATION – None

XII. BOARD COMMENTS – None

XIII. EXECUTIVE SESSION

MOTION BY Mr. Johnston to go into Executive Session to discuss pending legal matters at 6:21 pm. Seconded by Mayor Small. Executive Session concluded at 7:09pm.

AYE: ALL IN FAVOR NAY: NONE OPPOSED MOTION CARRIED

XIV. ADJOURNMENT

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

AYE: ALL IN FAVOR NAY: NONE OPPOSED MOTION CARRIED

The meeting adjourned at 7:10 pm.