



# Daphne Utilities

## APPROVED MINUTES

### Utilities Board Meeting

City of Daphne Executive Chambers ♦ August 26, 2009 ♦ 5:00 p.m.

#### I. CALL TO ORDER

The August 26, 2009, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman Robert Segalla, at 5:03 p.m.

#### II. ROLL CALL

**Members Present:** Robert Segalla, Chairman  
Ron Scott, Vice Chairman  
Fenton E. Jenkins  
Lon Johnston, Secretary Treasurer  
Fred Small, Mayor – arrived at 5:07 pm

**Others Absent:**

**Others Present:** Jerry Speegle – Board Attorney  
Rob McElroy – General Manager  
Teresa Logiotatos – Finance Manager  
Danny Lyndall – Operations Manager  
Deloris Brown – Human Resources Manager  
Drew Klumpp – Administrative Services Manager  
Lori Scharles – Executive Assistant  
Andrew Bolar – Daphne Utilities Maintenance Manager  
Melinda Immel – Volkert & Associates  
Ray Moore – HMR

**Others Absent:**

#### 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 29, 2009:**

The Chairman stated there were no additions, deletions, or corrections for the Corrected Minutes from the July 29, 2009, Utilities Board meeting.

**MOTION BY Mr. Johnston to approve the Corrected Minutes for July 29, 2009; Seconded by Mr. Scott.**

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

**V. Old Business**

**a. Capacity Fee Study / Rate Study**

Mr. McElroy informed the Board that Mrs. Logiotatos was actively working with the dashboard prepared by Blair Troutman for the upcoming budget submittal.

**Sewer Only Cutoff Policy**

Drew Klumpp updated the Board of the progress. He stated that as a result of the door-hangers that were recently distributed, several of those affected customers have personally made payment arrangements.

**b. Bay Rivers Art Guild**

No current information was reported.

**c. Items in Abeyance:**

- 1. **Gas Franchise Agreement** – No current information was reported.
- 2. **19 Acres – Daphne Utilities property** – No current information was reported.

**VI. New Business**

**a. Guiding Financial Principles**

Mr. McElroy explained that the Guiding Financial Principles as prepared by Blair Troutman are the underlying basis of the philosophy of the dashboard to move forward as a financially stable utility business. Chairman Segalla suggested including in the last sentence the word “eliminate” in “. . . , with the primary goal of limiting **and eliminating** any cross subsidization of utility expense.” under the bulleted **Equitable expense allocation**. He also asked what percentage is expected under the **Net revenue margin** bullet. Mrs. Logiotatos stated that those may be developed over the next year or as she become more familiar with the model. Chairman Segalla emphasized that any rate increase must come before the Board. Mr. McElroy indicated that this philosophy should, at this time, be passed as a Motion as an informal policy until the basic concept has been implemented and assessed. Mr. Scott commented that the document should include a language of fairness in order for the Board to be able to defend itself in a public forum. He suggested modifying the opening statement to read as “The Daphne Utilities Board (Board) is committed to a fair and equitable approach in meeting the needs of its customers and stakeholders on long-term and sustainable basis.”

Mayor Small arrived at 5:07 pm. He asked for clarification of the statement “Management may establish more stringent coverage ratio goals for the purpose of monitoring and reporting financial performance.” Mrs. Logiotatos explained that the percentage ratios will be assessed factoring in the bond-holders requirements, keeping the utility rates at a level so that they do not drop below the requirements of the bond-holders and avoiding bond covenants violations.

The Chairman entertained a Motion to approve the presented Policy Statement with the recommended changes.

**MOTION BY Mayor Fred Small to approve the Policy Statement of the Guiding Financial Principles with the recommended changes to include “fair and equitable approach” in the first paragraph, as well as to include “eliminating cross subsidization of utility expense” under bullet-point Equitable expense allocation; Seconded by Mr. Johnston.**

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

Mr. Scott asked to see at next month’s meeting the consequences of the dashboard relative to rate increases and suggested a quarterly review thereafter.

**VII. BOARD ATTORNEY’S REPORT**

Mr. Speegle briefed the Board that after filed motions, the fire flow testing in the Park City Water Authority area will proceed. Mayor Small updated on the status of the franchise agreements with Baldwin County Sewer to be a couple of weeks, and communications with the City Attorney and Mr. Speegle have been progressing. Mr. Scott inquired as to a Farmer’s Home Loan for the Park City Water Authority. Mr. Speegle advised that this has been requested in discovery but at present it is unknown.

**VIII. FINANCIAL REPORT**

Teresa Logiotatos highlighted the irrigation revenue for the Board. She reiterated to the Board of the budgeted monies for impact fees and noted that a deficit will be presented on the September financials due to water and sewer being down from last year. She advised that the business transition was without complications of the Colonial Bank account to BB&T, who bought out Colonial. Mr. Scott asked about the Riviera Utility payments; Mrs. Logiotatos explained that their bills are received at different times. Mr. Johnston acknowledged the cost reduction efforts in order to offset decreased revenues and applauded those involved.

**IX. GENERAL MANAGER’S REPORT**

**a. GM Report**

Mr. McElroy briefed the Board regarding the submission of application for an upcoming national EPA award. He then presented Daphne Utility Maintenance Manager, Andrew Bolar, with a proclamation of recognition for his personal efforts involving the Daphne Black History Museum. No additional information was reported.

Deloris Brown had nothing further to add to her report.

Drew Klumpp had nothing further to add to his report.

**b. Operations Report**

Danny Lyndall had nothing additional to include in his report.

Chairman Segalla commented on a call he received from a customer in praise of Frederick Williams while he was working to repair a water leak.

Melinda Immel of Volkert & Associates had nothing further to add to her report.

Ray Moore of HMR had nothing additional to include in his report.

**X. PUBLIC PARTICIPATION –**

**XI. BOARD COMMENTS – none**

**XII. ADJOURNMENT–**

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

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

**The meeting adjourned at 5:48 p.m.**