



# Daphne Utilities

## APPROVED MINUTES

### Utilities Board Meeting

City of Daphne Council Chambers ♦ February 25, 2009 ♦ 5:00 p.m.

#### I. CALL TO ORDER

The February 25, 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  
Lon Johnston, Secretary Treasurer  
Fred Small, Mayor  
Fenton E. Jenkins

**Others Absent:** Ron Scott, Vice Chairman

**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  
Melinda Immel – Volkert  
Tim Patton - Volkert  
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 January 28, 2009:*

The Chairman stated there were no additions, deletions, or corrections for the Minutes from the January 28, 2009, Utilities Board meeting.

**MOTION BY Mr. Johnston to approve the January 28, 2009; Seconded by Mayor Small.**

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

**MOTION CARRIED**

#### V. OLD BUSINESS

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

Mr. McElroy stated that the presentation remains scheduled for the April meeting.

**b. Park City Water Authority – Joint Billing Agreement**

Mr. McElroy advised that the connection contract had been signed however, he is awaiting payment. He further advised that the Joint Billing Agreement had been sent to Alabama Rural Water acting as a mediator in this issue but have heard nothing further.

**c. Wastewater Legislation**

Mr. McElroy stated that he had met with several County Commissioners to express in detail some of the concerns with this Legislation and although it was slightly modified as a result, it still remains a document that is not in the best interest of Daphne Utilities. He commented that there should be a way to be exempt from this Legislation, but that is currently not an option and it appears that the modified document will be submitted for vote. He ended stating that he is willing to work with the County Commission on this, but cannot support the Legislation in its present modified form and urged the Board to express their opinions likewise. The Chairman conveyed his opinion that another layer of authority is not needed from the established Commissioners that are not professional engineers and also to presume the cost and revenue ratios in order to set rates. The Chairman stated that he is opposed to the Legislation. Mayor Small mentioned that it only affects Daphne in the extra-territorial jurisdiction out of the city limits and that after reading the entire document, that some of the Legislation is not really bad and will be beneficial in order to force other companies to operate in the correct manner.

Mr. Johnston asked for an update on the City-owned properties and the Daphne Utilities properties whereby the City of Daphne and Daphne Utilities each have assets located. Mr. Lyndall explained that the Utilities' properties have been identified, however a few still remain under the City of Daphne's name and will require at some point a determination as to how to get these properties transferred over the Daphne Utilities. Mr. Johnston requested closure on the properties and also asked for a review of the pilot fee money, such as what it is used for and the expiration date and where it is headed. Chairman Segalla explained that the City Council enacted the pilot fee to help pay for the sewerage of the City, that there is no expiration date, and it is based on a percentage of the sewer bill. He stated that he presumes that when the City is fully 100% sewerage that the pilot fee will be discontinued. Mr. Johnston inquired from a customer perspective and wondered when this will conclude. Mr. McElroy stated that this could be better answered by the Daphne City Council.

**d. Items in Abeyance**

1. **Gas Franchise Agreement** – no new information was reported.
2. **19 Acres – Daphne Utilities property** – no new information was reported.

**VI. New Business**

**a. Sewer Only Cutoff Policy – to be distributed at Wednesday Board meeting**

Mr. McElroy indicated that a few minor changes were recommended by Mr. Speegle and were noted in red. He stressed that it would be beneficial to move on the policy, however left discretion to the Board. A review and discussion of the policy and procedure followed. Chairman Segalla stressed that everyone be treated the same and procedure consistency. Mr. Lyndall explained that what is being proposed to pass this evening is the policy itself, and that the procedure will follow once the policy is in place.

**RESOLUTION 2009-03** – Vote to Adopt a Cutoff Policy for Sewer Only Customers

**MOTION BY Lon Johnston to approve RESOLUTION 2009-03 Policy for Sewer Only Service as submitted to the Utilities Board of the City of Daphne on February 25, 2009; Seconded by Fenton Jenkins**

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

Chairman Segalla reviewed his memo and attachments previously distributed and asked if anyone had any questions. No further discussion took place regarding the memo. Mr. Jenkins, however, asked to be updated on the installation of the suggestion boxes. Mr. McElroy stated that the boxes are in place, the managers have been instructed as to the use and procedure of the boxes, and that everyone will be informed of the suggestion boxes at an upcoming company lunch meeting.

Chairman Segalla recognized Melinda Immel for a recent award she received. Mr. McElroy then presented Mrs. Immel with a declaration as a token of Daphne Utilities' appreciation for all the dedication, diligent work, and contributions she performs on the Utilities' behalf.

**VII. BOARD ATTORNEY’S REPORT**

Mr. Speegle had nothing further to add to the submitted report but asked if anyone had any questions. Chairman Segalla asked about the correspondence to Sonny Nichols. Mr. Speegle and Mr. McElroy discussed the details of this issue and it was agreed that it is Sonny Nichols’ burden to prove the claim of his assertions.

**VIII. FINANCIAL REPORT**

Teresa Logiotatos reviewed the financial report for January 2009 with the Board and noted that she is tracking accounts receivable very closely and noted that she is not seeing any signs of unpaid collections. She pointed out that approximately \$25,000 of garbage bad debt was written off for February 2009, is off of the Utilities’ books, and sent to the City for collection. She stated that after an assessment of some older accounts that they have been turned over to a collection agency. She continued her review of the financials with the Board. She informed the Board of a new relationship with another bank in order to avoid having all monies in one place.

**IX. GENERAL MANAGER’S REPORT**

**a. GM Report**

Rob McElroy had nothing further to include in his report. Chairman Segalla requested to attend the training course for the managers on the Interviewing Process. Drew Klumpp highlighted for the Board on the updated security and asset protection that he is implementing for the Utilities. Mr. McElroy noted that the previous security plan to be phased in over a period of time in order to comply with Homeland Security was quickly enacted due to recent security concerns and incidents.

Chairman Segalla thanked City Councilman Derek Boulware for attending our meeting. Mr. Johnston requested of Mrs. Logiotatos to notify the Board of a trend in the increase of delinquency.

**b. Operations Report**

Danny Lyndall had nothing further to add to his report.

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

Ray Moore of HMR had nothing to add to his report.

**X. PUBLIC PARTICIPATION – none**

**XI. BOARD ACTION –**

- a. **RESOLUTION 2009-03** – Vote to Adopt a Cutoff Policy for Sewer Only Customers – implemented under “New Business”

**XII. BOARD COMMENTS – None**

**XIII. ADJOURNMENT–**

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

**AYE: SEGALLA, SMALL, JENKINS, JOHNSTON**

**ABSENT: SCOTT**

**MOTION CARRIED**

**The meeting adjourned at 5:49 p.m.**