



Daphne Utilities

APPROVED MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ January 27, 2010 ♦ 5:00 p.m.

I. CALL TO ORDER

The January 27, 2010, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman Robert Segalla, at 5:02 p.m.

II. ROLL CALL

Members Present: Robert Segalla, Chairman
Ron Scott, Vice Chairman
Lon Johnston, Secretary Treasurer
Fred Small, Mayor
Fenton E. Jenkins

Others Absent:

Others Present: Jerry Speegle – Board Attorney
Rob McElroy – General Manager
Danny Lyndall – Operations Manager
Drew Klumpp – Administrative Services Manager
Lori Scharles – Executive Assistant
Rebecca Williamson – Accounting Assistant
Cedric Goodloe – Payroll/Benefits Coordinator, Trainer
Melinda Immel – Volkert & Associates
Doug Bailey – HMR
Ray Moore – HMR

Others Absent: Teresa Logiotatos – Finance Manager
Deloris Brown – Human Resources Manager

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 6, 2010 (for December 2009):**

The Chairman inquired if there were any corrections noted for the Minutes from the January 6, 2010 (for December, 2009), Utilities Board meeting.

MOTION BY Ron Scott to approve the Minutes for January 6, 2010 (for December, 2009); Seconded by Lon Johnston.

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

V. Old Business

a. **Central Services Building (Property Investigation) – Update**

Mr. Speegle updated the Board on the status of the bankruptcy proceedings for the Daphne Mazda property. He stated that at the recent bankruptcy court hearing, Vision Bank had not decided to accept or reject the Daphne Utilities purchase proposal and they requested a closing statement of the transactions to determine how much money they would receive from the sale. The bankruptcy judge set the hearing for February 2nd on the Motion to Approve the Sale, however if they parties agree before then, they could submit an order and she could sign it. Mr. Scott recommended a conclusion to this proposal and mentioned the Pollard Road property that was available. Mr. McElroy stated that he has spoken with Paige Moore to once again begin looking at available properties but to wait another week or two for the Mazda property would be beneficial. Mayor Small commented that properties off the main road would serve a better purpose to the City of Daphne than taking up retail area with the economy is better that it could be sold and generate tax collection. He suggested making an effort to looking into the properties off the main roads. Mr. Scott commented that if the Mazda property does not close by the next board meeting that at least two other options should be presented.

b. **Items in Abeyance:**

1. **Gas Franchise Agreement** – No current information was reported.
2. **19 Acres – Daphne Utilities property** – No current information was reported.
3. **Sewer Cut-off** – Mr. Speegle informed the Board that he had sent letters out to those customers who signed promissory notes to make the agreed payments. He stated that while it is easy to obtain judgment on a promissory note suit, however, it is difficult to collect on a judgment. He also stated that cutting off sewer would be the best way to get the customer's attention but would defer to the Board's decision on proceeding with the issue. He answered Chairman Segalla's question that a judgment for the promissory note could result in a property lien. Mr. McElroy followed up that one of the customer's involved in the first round of sewer cut-offs is being taken to court by the Health Department.

VI. New Business

VII. BOARD ATTORNEY'S REPORT

Mr. Speegle had nothing further to add to his report, but called for Executive Session to discuss pending litigation.

VIII. FINANCIAL REPORT

Rebecca Williamson substituted for Teresa Logiotatos and reviewed the December 2009 financials for the Board. She indicated that after the first quarter for the new fiscal year, both revenue and expenses are slightly under budget. Chairman Segalla commented on the article that appeared in the Baldwin Register regarding the need for revenue. Mr. McElroy spoke about the projections of the rate increase and indicated an upcoming proposal at the next board meeting. Mr. Scott remarked about being surprised by the news article as well as requesting competitors' comparisons. Mr. McElroy responded that the article was a result of the Volkert Engineering Study release. He also stated that reporter Russ Henderson called him with questions; Mr. Henderson was specifically told that nothing had been passed. Mr. McElroy commented that he has no control over what is published and was told that this information would be for a future story. Mr. Johnston commented about the "Marketing" expense being below the budgeted level and asked what all is involved the "Marketing". Mr. McElroy explained a few of the events whereby we interact with the public. Mayor Small commented on the expense of the public relations firm and the reason behind hiring the firm and expressed the need to discontinue the services of the public relations firm with the Utilities' current professional staff available and capable. Mr. Speegle explained that the public relations firm is helpful to curtail the negative and untruthful allegations about the Board and the Utilities. Mayor Small suggested that the public relations firm be used on a case-by-case basis and not on retainer. Mr. McElroy stated that the Utilities' would pay significantly more if invoiced on a case-by-case basis. Chairman Segalla closed the conversation by saying that it is an issue that can be re-examined after the legal issues have concluded. Mayor Small ended with wanting to know exactly what the public relations firm is doing and why they are still needed and wanted to be kept informed of what they are doing.

IX. GENERAL MANAGER'S REPORT

a. **GM Report**

Mr. McElroy remarked about the recent work several Daphne Utilities employees' performed at the Plateau Cemetery in Mobile.

Cedric Goodloe had nothing further to add to the Human Resources report.

b. Operations Report

Danny Lyndall had nothing further to add to his report. Chairman Segalla commended the employees on the accident-free man-hours worked.

Mr. Scott inquired as to the incentives for the online payments, e-billings and automatic bank drafts. Drew Klumpp stated that it had been offered in the past and can research additional incentives. Mr. Johnston asked to see the progress of these areas. Mr. Scott suggested we promote the Lend-A-Hand donations as well.

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

Doug Bailey from HMR updated the Board on the Creekside Sewer Main project and the Highway 64 South Sewer project.

X. BOARD COMMENTS – Mr. Johnston commended the well-coordinated preparations Daphne Utilities implemented to deal with the recent severe and unusually cold weather.

XI. PUBLIC PARTICIPATION – none

XII. EXECUTIVE SESSION –

MOTION BY Lon Johnston to go into Executive Session at 5:52 pm for discussion of pending litigation; Seconded by Mayor Small.

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

Executive Session ended 6:25 p.m. Mr. Scott and Mayor Small had left the meeting while in Executive Session.

XIII. ADJOURNMENT–

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

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

The meeting adjourned at 6:26 p.m.