



# Daphne Utilities

## APPROVED MINUTES

### Utilities Board Meeting

City of Daphne Council Chambers ♦ November 4, 2009 ♦ 5:00 p.m.

#### I. CALL TO ORDER

The November 4, 2009, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman Robert Segalla, at 5:04 p.m.

#### II. ROLL CALL

**Members Present:** Robert Segalla, Chairman  
Ron Scott, Vice Chairman  
Fenton E. Jenkins – **arrived at 5:18 pm**  
Lon Johnston, Secretary Treasurer  
Fred Small, Mayor

**Others Absent:**

**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 – Administrative Services Manager  
Lori Scharles – Executive Assistant  
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 September 23, 2009:**

The Chairman stated there were no additions, deletions, or corrections for the Corrected Minutes from the September 23, 2009, Utilities Board meeting.

**MOTION BY Lon Johnston to approve the Minutes for September 23, 2009; Seconded by Ron Scott.**

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

The agenda was re-arranged in order to have full Board input for agenda items requiring Board action.

#### V. Old Business

##### a. **Purchase of Property (Board Action - Resolution)**

Ms. Paige Thatcher with ReMax By The Bay addressed the Board with information on the search for property in the Daphne area for Daphne Utilities Central Services building. She discussed with the Board of the property on County Road 64 as well as a new development for another piece of property, the Daphne Mazda

building/property. Mr. Scott inquired as to the zoning for the Hwy. 64 property. Mr. Lyndall explained that he has already talked with Adrienne Jones with the City Planning for recommendations. Mr. Scott also inquired as to City property that would be appropriate. Mr. McElroy stated that subject had been raised at the last Board meeting and Mayor Small indicated that the City did not have any property fitting the Utilities' needs. Mayor Small commented that suggestions have been made to move the Maintenance facility on Johnson Road and the Johnson Road would be available and has fuel tanks located on the property. Mr. McElroy elaborated on the reasons for the two properties being considered as presented by Ms. Thatcher and a lengthy conversation regarding all three parcels was discussed by the Board.

Chairman Segalla recommended giving the issue 30-days and including it in the November agenda and in the meantime other possibilities, such as the City's Johnson Road property, can be explored. Mr. McElroy stated that if it is not in the Board's interest to pursue the Hwy. 64 property, the contract needs to be canceled. Chairman Segalla stated that there is no interest from Board to pursue the Hwy. 64 property. Mr. Speegle suggested making an exploratory offer on the Daphne Mazda property subject to Board approval while waiting for a price on the Johnson Road property. Chairman Segalla stated at the November Board meeting an agreement as to which direction the Utility will take will be made.

**b. Capacity Fee Study / Rate Study**

Mr. McElroy stated that there was no further action on the capacity fee study or rate study other than what was discussed previously at the work session. He further commented that as part of the upcoming 2009/2010 Proposed Budget that no endorsement of a specific rate increase is part of this budget but noted there are additional revenue requirements. Mr. McElroy advised that working with Blair Troutman of BlueWater Consulting, it may be necessary to restructure the Utilities' rate system such to generate the revenue required and not necessarily come from a rate increase across the board to everyone.

**c. 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. McElroy advised that \$24,000 of the back-payments has been collected of the sewer cut-offs and only one customer remains cut-off at this point. He stated that he has met with the Board of Health about this particular customer and they are seeking court action against this customer.
4. **Bay Rivers Art Guild** – Mr. McElroy noted that no formal lease agreement would be signed and that everything would stay as it is. Mr. Scott asked about liability. Mr. Speegle answered that the Utilities' liability is as any landlord would have but only for conditions that the Utilities' create in the building.

**d. Submittal of Proposed 2010 Operating Budget**

Chairman Segalla called for any questions or comments regarding the proposed 2010 Operating Budget. No comments or questions were raised. The Chairman called for a Motion for Approval.

Mayor Small requested another meeting to discuss the details of the Operating Budget due to the large amount of information that was presented at the work-session and stated that he was not comfortable with the proposed Operating Budget. Mr. Johnston concurred except that the details of the proposed budget were reviewed during the work-session however the Mayor had to leave. Mr. Scott commented on the standpoint of the City of Daphne's budgeting process compared to the Utilities' and referred to the perception of the Daphne citizens that the City and Utilities are one and that the Utility is not being conscientious with their budget. He stated that he has pages of expenses that he and the Daphne City Council is reviewing and inquired as to the explanation. He further added that the Utilities is profitable but only because the Board had the courage to give a 33% increase. He commented that he was having a hard time with the budget as well as with the built-in rate increase. Mayor Small apologized for leaving early during the work-session and compared a few expense details of the budgets between the City of Daphne and Daphne Utilities. He again requested time to give a thorough review, including the capital expenditures, of the proposed operating budget. Chairman Segalla asked Mrs. Logitatos of the procedure of amending a passed budget. She answered that the budget can be amended at any time, Mr. Speegle also agreed.

Chairman Segalla stated that there was a motion on the floor that had been seconded, and requested a roll call vote:

Chairman Robert Segalla	Aye
Vice Chairman Ron Scott	Nay
Secretary/Treasurer Lon Johnston	Aye
Mayor Fred Small	Nay
Fenton Jenkins	Aye

**MOTION BY Lon Johnston to approve the 2009/2010 Proposed Budget as presented; Seconded by Fenton Jenkins.**

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

**NAY: SCOTT, SMALL**

**MOTION CARRIED**

Chairman Segalla suggested a work session be scheduled to answer any questions. A discussion took place regarding the agenda for the proposed budget work session.

**VI. New Business**

**a. November & December Board Meeting Rescheduling**

Mr. McElroy explained that each year the board meeting is held close to scheduled holidays when employees and board members alike are likely to be out of town

**MOTION BY Ron Scott to approve reschedule the November 2009 board meeting to December 2, 2009, and the December 2009 board meeting to January 6, 2010; Seconded by Lon Johnston.**

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

**NAY:**

**MOTION CARRIED**

**b. Board Member Training – ARWA / ADEM**

Mr. McElroy notified the board of upcoming free training provided by Alabama Rural Water Association and Alabama Department of Environmental Management of which the closest training session will be in Monroeville, Alabama on November 12, 2009. He invited any board member to travel with him and other employees to attend.

**VII. BOARD ATTORNEY'S REPORT**

Mr. Speegle had nothing further to add to his report. Chairman Segalla asked for clarification of particular counts in the pending litigation to which Mr. Speegle explained.

**VIII. FINANCIAL REPORT**

Teresa Logiotatos reviewed for the Board from the Financial Summary and answered questions from the Board. Mr. Johnston inquired as to the cost of natural gas following the crude prices. Mr. McElroy answered that it does not and that it is not a direct correlation.

**IX. GENERAL MANAGER'S REPORT**

**a. GM Report**

Mr. McElroy pointed out for the Board two upcoming events, a company meeting and customer appreciation car wash, and invited the Board members to participate. He also commended our employee participation for this evening's board meeting.

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.

Melinda Immel of Volkert & Associates mentioned that she distributed the full engineer's report that is prepared every 5 years and will make a presentation at the next board meeting with further details.

Doug Bailey of HMR had nothing additional to include in his report.

**X. PUBLIC PARTICIPATION – none**

**XI. BOARD COMMENTS – Mayor Small commented on the discussions that took place earlier and that discussions are good and healthy and come to workable solutions.**

**XII. ADJOURNMENT–**

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

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

**The meeting adjourned at 6:38 p.m.**