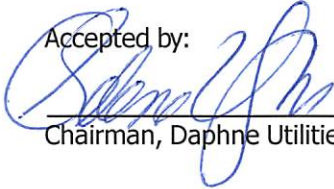


Accepted by:  
  
Chairman, Daphne Utilities



# APPROVED MINUTES

## Utilities Board Meeting

Council Chambers, Daphne City Hall ♦ May 26, 2021 ♦ 5:00 p.m.

### I. Call to Order

The regular May 2021 Board meeting for the Utilities Board of the City of Daphne was held on May 26, 2021, in the Council Chambers at Daphne City Hall and called to order at 5:00 p.m. by Chairwoman Selena Vaughn, followed by the Roll Call:

### II. Roll Call

**Members Present:** Selena Vaughn, Chairwoman  
Tim Patton, Vice Chairman  
Billy Mayhand, Secretary/Treasurer  
Mayor Robin LeJeune, Board Member – arrived at 5:40 pm  
Councilman Doug Goodlin, Board Member

**Members Absent:**

**Others Present:** Jerry Speegle – Board Attorney  
Scott Polk – General Manager  
Bobby Purvis – Operations Manager  
Teresa Logiotatos – Finance Manager  
Drew Klumpp – Administrative Services Manager  
Samantha Coppels – Communications Manager  
Lori Wilson – Executive Assistant

**Others Absent:**

### III. Pledge of Allegiance

The Chairwoman led the Board and meeting attendees in the Pledge of Allegiance.

### IV. Approval of Minutes

#### A. Utilities Board Meeting Minutes April 28, 2021

The Chairwoman requested any additions, corrections, or deletions for the submitted minutes for the April 28, 2021 Utilities Board meeting.

With no additions, deletions, or corrections, the Chairwoman declared that the submitted April 28<sup>th</sup> minutes would stand approved.

### V. OLD BUSINESS – None

## **VI. NEW BUSINESS –**

### **A. Presentation of 2019/2020 Audit by Mike Andreoli of Robertson, Andreoli & Covington, PC**

Mr. Mike Andreoli of Robertson, Andreoli & Covington presented the 2019/2020 audit to the board members. He began his review commenting on: Independent Auditors' Report, the Management's Discussion and Analysis, Total Assets, Cash and Restricted Cash, Capital Assets, Current Liabilities, Revenues, Total Operating Expenses and Income, Net Cash Position Increase, Retirement Plan, Long-term Debt, Supplemental Bond Disclosures, Capacity Fees, Bond Issuances, Operating Budget, Departmental Statement, and finally remarking overall an outstanding year.

Teresa Logiotatos recognized her department for their diligent work in assisting with the audit compilation.

## **VII. BOARD ATTORNEY'S REPORT**

Mr. Speegle had no new or remaining matters to report.

## **VIII. FINANCIAL REPORT**

Teresa Logiotatos highlighted for the Board: the State Revolving loans as shown on Balance Sheet Highlights Current Assets as well as Long Term Liabilities, a significant net loss indicated on the Income Statement due to the unplanned purchase of the vac-truck which will also affect the budget. She noted that gas purchases were higher due to the fact the bill included two months. She had nothing further to emphasize in the financials.

## **IX. GENERAL MANAGER'S REPORT**

### **A. GM Report**

General Manager Scott Polk reviewed the "Project Updates" for the Board, commenting on: the advancement of the Diamante (S/D) water well production involving discussions with Mr. Speegle's office regarding an easement that Alabama Power is requesting we sign to go through their land, as well as working out an issue with the entrance to the access road; the nearly complete natural gas line upgrade/replacement in Daphmont; the construction demolition on the Tertiary Filter and Enhanced UV Project at the WRF scheduled to begin next week or the week after to begin the process; a "grit study" that has been commissioned for the Grit Removal System upgrade; the Rigsby Road sewer expansion to be presented to the City in June or July; and lastly, the Douglas Road Water Tank project contracts were signed and the project is moving forward.

He gave an update on the Areas of Focus, noting the lifting of the mask mandate for our facilities, then advising that we had another meeting with D.R. Horton representatives to develop a solution to continue to run gas lines through the Jubilee Farms subdivision and D.R. Horton is running numbers to find feasibility of installing more gas appliances to foster the continuation of laying natural gas lines in the neighborhood. He advised that the builder is currently encountering issues with obtaining appliances for their new builds. He also noted that, as reported in the audit discussion, we've acquired an increase in gas customers but our gas revenue is not increasing.

Mr. Polk returned to an Areas of Focus note relating to the water quality issue discussion initiated last month by Councilman Olen. He clarified to the Board of an adjustment to a plan of action as specified in an email he sent to Board members and referred to Mr. Bobby Purvis to explain other solutions and plans to address these issues.

Mr. Bobby Purvis described the stages of the plan of action to determine the cause of the discolored water and to determine a solution, the first of which involved meeting and speaking with several engineering firms to consider their viewpoints and remedies. He reported the outcomes of these meetings and the strategy to improve the water quality, and answered questions from the Board members which lead to a broad discussion of this issue

## **B. Operations Report**

## **C. Engineering & Consulting Reports**

### **X. PUBLIC PARTICIPATION – at 5:35 pm the Chairwoman opened the floor for Public Participation.**

Mr. Steve Olen, (Daphne City) Councilman District 2, which Mr. Olen announced that District 2 included Olde Town Daphne. He expressed appreciation for the updates from Mr. Polk and Mr. Purvis. Mr. Olen indicated that we had heard from 58 different households and stated that it (the water quality issue) is not just Captain O'Neal but throughout Olde Town Daphne. He noted that the automatic flushing valves are a stop-gap and they are not working. Mr. Olen advised that he had emailed the Board and those involved two of the most recent complaints from our customers, the Marks on May 21 with a video showing the water flowing into her tub is brown, and another from the Clarks on May 24. He repeated Mr. Purvis' statement that flushing may hurt more than help and stated that the one thing going on presently to deal with the problem is not working at all. He declared that these customers of Daphne Utilities, like the rest of us, do not want to drink brown water, they do not want to brush their teeth with it or cook with it, make coffee or put their kids in the bathtub with it, but this is what they are getting.

Mr. Olen noted that when he was in attendance at the last board meeting, he was hearing that maybe there was a thought it wasn't a problem but now he's heard that it has been a long-term problem. He indicated that some of the people are incurring out-of-pocket expenses from buying their own water from Kentwood, for example, and one customer had her laundry turn so brown that Daphne Utilities offered to make it right (by reimbursement of her bill), but that doesn't make it right. He noted that Daphne Utilities has had emails stating that people have had plumbing expenses to have someone come clean out the pipes in their homes from the dirt. He reiterated that people are actually coming out of pocket because Daphne Utilities is not delivering them what they are entitled to. He suggested that the first thing Daphne Utilities should do to show that they want to do the right thing, starting tomorrow, take all the households that have told Daphne Utilities that they are not getting what they are entitled to, that they are getting brown water, to stop billing those residents tomorrow and do not bill them again until Daphne Utilities gets it right because they are not getting what they are paying for and they cannot use (the water) on a consistent basis what Daphne Utilities is delivering.

(Mayor Robin LeJeune arrived at 5:40 pm)

Mr. Olen stated that they do not want to be told that their water is "safe", they want clear, clean water and he indicated that "they" refers to people throughout Olde Town Daphne and not just one "bowl" on Captain O'Neal as indicated by the 58 emails from households.

Chairwoman Vaughn invited any other attendees to address the Board.

Mr. Freddie Johnson from 3996 Stanton Road South addressed the board, declaring his water is good at his house but that he had been paying a PILOT tax since he built his house in 1994 but he is not connected to our sewer and that was what the PILOT tax is for. He stated that he needs to have a sewer line positioned down his road to connect to the 4 existing houses that are there that are currently on septic, noting that it's not just about sewage it's also about environment. He asked for this to be investigated because he is paying the tax.

With no additional participants, Chairwoman Vaughn closed Public Participation at 5:42 pm.

**XI. BOARD ACTION –** Previously addressed.

**XII. BOARD COMMENTS –**

Chairwoman Vaughn asked how many homes in Daphne do not have sewage [with Daphne Utilities]. She clarified that the City of Daphne collects the PILOT tax to build the infrastructure then turns it over to Daphne Utilities to maintain, and she believed that after the last big [sewer] project that all of Daphne was connected to Daphne Utilities sewer.

Mayor LeJeune agreed and stated we needed to find out why it was missed. He also apologized for arriving so late due to an event he was unable to exit, but he expressed his appreciation for the job the staff is doing and will get an update afterward. He noted that he was open to some sort of discount [for those dealing with constant brown water] and whatever we can do to fix the problem as quickly as possible is the best way to address the issue; in the meantime, after viewing the pictures, videos and reading the emails, he understands the frustrations the customers are experiencing and it is unacceptable. Mayor LeJeune remarked that he has faith that the Board and the staff aspire to solve the issues that are challenging us today with the same determination proven to solve the issues from years ago. He consented to considering the staff's recommendations in resolving this issue correctly.

Mr. Tim Patton did not have anything to add except to not lose sight of all the work that takes place during the year with the budget and expenses and thanked the staff for their daily efforts in this endeavor. He emphasized that this is a reminder that the utility business is challenging with a great deal of responsibility and reflects the community, recognizing the staff is dedicated to maintaining the reliability.

Mr. Billy Mayhand thanked the auditing team and praised the accounting department; he asked Mr. Johnson to supply Daphne Utilities' staff with his contact information in order to discuss resolving his situation. He also thanked the executive staff for doing a great job.

Councilman Doug Goodlin questioned Mr. Speegle regarding the Utility giving away something for free and also asked the accounting department to provide him a financial scope of District 2 relative to a rebate and/or discount. Mr. Speegle confirmed that the Utility's bond indentures prohibited us from giving away our services, but pointed out from Mr. Olen's point of view or an impacted customer, they may believe they are not getting the services for which they are paying and doesn't think there would be a legal problem with our bond indenture from the point of view of not receiving potable water and not paying for it. Mr. Speegle noted that: the information-gathering part is most important in determining how to resolve the problem; the Board should consider ways to get those impacted customers potable water even though it may be expensive; this Board has always, for the many years he has been involved, put their customers first. Mr. Speegle concluded that from a legal point of view, a reduced rate for those [impacted] customers for water would be acceptable, however determining those customers who have actual brown water versus those who have it at certain times or is slightly tinted would be necessary.

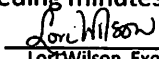
Councilman Goodlin echoed kudos for the audit and staff's assistance. Chairman Vaughn recognized the determination in solving this issue and expressed confidence in the staff to do so and support from the Board to resolve this problem.

**XIII. ADJOURNMENT**

With no further discussions, the Chairwoman called for adjournment at 5:58pm.

The meeting adjourned at 5:58pm.

Preceding minutes submitted to the Daphne Utilities Board by:



Lori Wilson, Executive Assistant, Daphne Utilities