

Accepted by:


Secretary/Treasurer, Daphne Utilities



APPROVED MINUTES

Utilities Board Meeting

Council Chambers, Daphne City Hall ♦ March 29, 2017 ♦ 5:00 p.m.

I. Call to Order

The regular March 2017 Board meeting for the Utilities Board of the City of Daphne was held on March 29, 2017 at 5:02 p.m. in the Council Chambers at Daphne City Hall and called to order by Chairman Robert Segalla, proceeded by the Roll Call:

II. Roll Call

Members Present: Robert Segalla, Chairman
Billy Mayhand, Vice Chairman
Selena Vaughn, Secretary/Treasurer

Members Absent: Mayor Dane Haygood, Board Member
Robin LeJeune, Board Member

Others Present: Jerry Speegle – Board Attorney
Danny Lyndall – General Manager
Van Baggett – Operations Manager
Drew Klumpp – Administrative Services Manager
Teresa Logiotatos – Finance Manager
Lori May-Wilson – 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 February 22, 2017:

The Chairman requested any additions, corrections, or deletions for the submitted Minutes from the February 22, 2017 Utilities Board Meeting.

MOTION by Selena Vaughn to approve the submitted Minutes for the February 22, 2017, Utilities Board meeting; **SECONDED** by Billy Mayhand.

AYE: Mayhand, Segalla, Vaughn

NAY:

ABSENT: Haygood, LeJeune

ABSTAIN:

MOTION CARRIED

V. OLD BUSINESS – None

VI. NEW BUSINESS –

A. Right of Entry Agreement between Utilities Board of the City of Daphne and Point Broadband LLC for sites listed below: (BOARD ACTION: Motion)

1. Historic Malbis Water Tank;
2. Lake Shore Water Tank
3. Sixth Street Water Tank
4. Stanton Road Water Tank

Danny Lyndall explained the Right of Entry Agreement for each of the sites is a leasing agreement between Daphne Utilities and Point Broadband that had been negotiated over the past month and recommended the Board approve the submitted four Right of Entry Agreements. He confirmed that once approved by the Utilities Board of the City of Daphne, they will require to be presented before the Daphne City Council for approval in order to move forward.

MOTION by Billy Mayhand to approve the Right of Entry Agreement between Daphne Utilities and Point Broadband LLC as submitted; SECONDED by Selena Vaughn.

AYE: *Mayhand, Segalla, Vaughn*

NAY:

ABSENT: *Haygood, LeJeune,*

ABSTAIN :

MOTION CARRIED

B. Amendment to Standard Construction Specifications

Melinda Immel from Volkert advised that the Daphne Utilities Standard Construction Specifications are primarily technical and have not been amended since 2008. She explained this amendment would bring the Specifications up to date with many industry changes; these Specifications would be posted on the Daphne Utilities website for a month for comments with request for adoption of the Amendments at the April board meeting.

C. Authorization for General Manager to Negotiate an Agreement to Purchase Water Meter Readings between Daphne Utilities and Spanish Fort Water System (BOARD ACTION: Motion)

Danny Lyndall reminded the Board of the recent sewer billing transition with our Spanish Fort sewer customers. He advised that he had met with the Board of Directors for Spanish Fort Water again in an attempt to negotiate a purchase of their water meter readings for our Spanish Fort sewer customers which would allow for billing on an actual consumption rather than billing on an average or flat rate. He informed the Board that an agreement had been made although had not been signed by either Utility Board and will be presented for approval at the Spanish Fort Water board meeting on April 11th and the Daphne Utilities April board meeting thereafter. He explained that due to the dollar amount of the agreement, he was requesting Board approval to enter into this agreement with Spanish Fort Water for \$2,000 per month for the meter readings for a 5-year period equating to approximately \$125,000 which is slightly over his purchase authority. Mr. Speegle advised that he drafted the agreement and is awaiting comments from the Spanish Fort Water System attorney.

MOTION by Billy Mayhand to authorize the General Manager to negotiate the agreement to purchase water meter readings between Daphne Utilities and Spanish Fort Water System; SECONDED by Selena Vaughn.

AYE: *Mayhand, Segalla, Vaughn*

NAY:

ABSENT: *Haygood, LeJeune,*

ABSTAIN :

MOTION CARRIED

VII. BOARD ATTORNEY'S REPORT

Mr. Speegle advised that discussions are continuing with the City of Fairhope. He informed the Board that Algae Systems had completed their site clean-up and made arrangements for required final underwater survey work and that further mediation will be determined pending the outcome of the underwater survey.

VIII. FINANCIAL REPORT

Teresa Logiotatos noted for the Board the reduction in inventory due to the meter project, gave an estimated time for the audit presentation, examined the gas and irrigation graphs clarifying the variance with the budget figures, reviewed several entries in the Check History Report and answered questions from the Board.

IX. GENERAL MANAGER'S REPORT

A. GM Report

Danny Lyndall gave a brief presentation to the resigning Chairman Robert Segalla on behalf of the employees of Daphne Utilities at his last board meeting as Daphne Utilities Board Chairman.

Mr. Chairman,

In light of this being your last meeting on the Board of Directors for Daphne Utilities, for my report to the Board, I want to take a moment to recognize you, Mr. Chairman, for your service to Daphne Utilities, all of our customers, and this Eastern Shore Community.

When you joined the Board in February 2003, this was a wholly different company. Our Finance Manager and our auditors can attest to the fact we were in serious financial straits when you joined. There was even point at the beginning when this utility had to take out a short-term bank loan simply to make payroll.

But things have definitely changed.

In 2003 our annual revenue was just over \$7 million. Last year, our annual revenue had grown to \$13.8 million – a 95% increase.

In the same time frame, we have increased our customer base by more than 40% and we have invested \$26 million in new and upgraded infrastructure.

Because of your financial oversight:

- we have paid down our outstanding debt,*
- refinanced several bonds (saving tens of millions of dollars), and*
- because of sound financial management, were upgraded by S&P to AA with a stable outlook which will save millions more in interest payments in the coming years.*

Operationally, during your tenure on the Board, we have added 2 new water storage tanks holding 4 million gallons of finished water. We have added 4 new water wells and have extended our production and treatment capacity to more than 9 million gallons of water per day.

We have added more than \$10million in additional treatment and upgrades at our water reclamation facility to meet increased customer demand and regulatory requirements. Likewise, throughout our wastewater

collection system we have added several new lift stations and made significant improvements to the overall operation. Our natural gas distribution system has grown with nearly double the customer base and has been operating in the black for the past several years. Just last month, the Alabama Public Service Commission upon completing its audit of our operation said we operated a system worthy of being emulated by every other utility across the state.

During your time on our Board, Mr. Chairman, this utility has become nationally known as one of the top utility operations in the country.

- We have been recognized by the EPA with the Gulf Guardian Award, the Operational Excellence Award, and for our Customer Outreach.
- We were recognized by the Wall Street Journal and Inc. Magazine as one of the top small workplaces in the country – the only utility to ever make the list.
- The national Water Environment Federation recognized us as a “Utility of the Future” and the National Association of Clean Water Agencies awarded us the Gold Level Peak Performance Award for 100% compliance.
- And we also been recognized for our operational and environmental excellence by the American Water Works Association, the Alabama League of Municipalities, the Baldwin County Commission, the Eastern Shore Chamber of Commerce, and the Alabama Water Pollution Control Association to name just a few.

Even you, Mr. Segalla, were recognized by the Alabama Rural Water Association as “Director of the Year” at its annual conference a few years ago.

The Utilities Board has achieved a great number of accomplishments during your tenure and, looking back, your influence is evident in everything we have done.

In the 11 years I have known you, I have gotten to know you very well and respect you immensely as a Board member, and as a friend. I have sought your counsel and guidance on many occasions and you have always provided me sound advice.

Mr. Chairman, on behalf of the management and staff of Daphne Utilities, we thank you for volunteering your time and efforts to the oversight of this fine organization these past 14 years. It has been a pleasure working with you and we appreciate everything you have done for us.

If you would please come forward, we have a token of our appreciation for you.

He then presented Chairman Segalla with a special plaque.

Mr. Lyndall gave a presentation on our current sewer system conditions in Spanish Fort and advised of plans to remedy the issues with the obstructed locations of the lift stations. He and Van Baggett answered questions from the Board regarding this concern.

Mr. Lyndall recognized Samantha Coppels as Ambassador of the Month for the Eastern Shore Chamber of Commerce.

He also briefed the Board on the agreement with Belforest Water System.

B. Operations Report

Van Baggett had nothing additional to add to his report.

C. Engineering & Consulting Reports

Melinda Immel from Volkert had nothing further to add to her report.

Ray Moore from HMR advised the Board on the collaboration with the City of Daphne for the sewer connections for Whispering Pines sewer customers. He expressed his appreciation for the Chairman for his time serving on the Utilities Board.

X. PUBLIC PARTICIPATION – None.

XI. BOARD ACTION – Previously addressed.

XII. BOARD COMMENTS –

Selena Vaughn commented that Chairman Segalla will be called on for advice and thanked him for his guidance. Chairman Segalla announced that former Board member, Mr. Randy Fry, will be his replacement, expressed his gratitude to Volkert's Melinda Immel and HMR's Ray Moore and Robbie Strom for their continued assistance, recognized Mr. Lyndall and his staff, acknowledged Mr. Jerry Speegle for his outstanding work for Daphne Utilities, and concluded by thanking the employees of Daphne Utilities for the outstanding job they do.

XIII. ADJOURNMENT –

MOTION by Billy Mayhand to adjourn.

The meeting adjourned at 5:43 pm.

Preceding minutes submitted to the Daphne Utilities Board by:



Lori Wilson, Executive Assistant, Daphne Utilities