

CITY OF HUNTSVILLE, TEXAS

Russell Humphrey, Mayor

Jon Strong, Ward 4, 2023 Chairman
Karen Denman, At-Large Position 2
Vicki McKenzie, At-Large Position 3
Pat Graham, At-Large Position 4



CITY COUNCIL FINANCE COMMITTEE AGENDA

TUESDAY, JANUARY 23, 2024, 8:30 AM

Huntsville City Hall, 1220 11th Street, Huntsville, Texas, 77340

Persons with disabilities who plan to attend this meeting and may need auxiliary aids or services are requested to contact the City Secretary's office (936.291.5413) two working days prior to the meeting for appropriate arrangements.

1 CALL TO ORDER

2 DISCUSSION/CONSIDERATION

The Finance Committee will hear presentations, discuss, and may consider recommendations to the City Council on the following items.

- a** Approve minutes of the December 19, 2023 Finance Committee meeting
Steve Ritter, Finance Director
- b** Discussion of proposed source of funds - Watson-Cordone agreement - Pine Shadows street and drainage
Aron Kulhavy, City Manager
Kathlie Jeng-Bulloch, City Engineer
Steve Ritter, Finance Director
- c** Discussion concerning revising the raw water contract with TRA increasing the Contract Quantity and reducing the Reservation Quantity
Aron Kulhavy, City Manager
Brent Sherrod, Public Works Director
Steve Ritter, Finance Director

3 ADJOURNMENT

4 CALL TO ORDER

5 DISCUSSION/CONSIDERATION

The Finance Committee will hear presentations, discuss, and may consider recommendations to the City Council on the following items.

6 ADJOURNMENT

CERTIFICATE

I do hereby certify that the above notice was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.HuntsvilleTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING: January 18, 2024

Kristy Doll

TIME OF POSTING: 11:45 AM

Kristy Doll, City Secretary

TAKEN DOWN:



CITY COUNCIL FINANCE COMMITTEE AGENDA

1/23/2024

Agenda Item Number: 2.a.

Agenda Item: Approve minutes of the December 19, 2023 Finance Committee meeting

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Discussion:

Previous Council Action: Approve minutes of the December 19, 2023 Finance Committee meeting

Financial Implications:

Associated Information:

1. Finance Committee Minutes 12.19.2023

Finance Committee Minutes

December 19, 2023

Members Present: Jon Strong, Vicki McKenzie, Karen Denman

Staff Present: Aron Kulhavy

The agenda items discussed were:

- Approved the minutes from the December 5, 2023, meeting.
- Aron and Jon discussed the budget amendment funding and deliverables for a downtown strategic assessment that will be presented to the City Council tonight.
- Aron discussed the roles and responsibilities of the Finance Committee members



CITY COUNCIL FINANCE COMMITTEE AGENDA

1/23/2024

Agenda Item Number: 2.b.

Agenda Item: Discussion of proposed source of funds - Watson-Cordone agreement - Pine Shadows street and drainage

Initiating Department/Presenter: Finance

Presenter:

Aron Kulhavy, City Manager
Kathlie Jeng-Bullock, City Engineer
Steve Ritter, Finance Director

Discussion:

Previous Council Action: Discussion of proposed source of funds - Watson-Cordone agreement - Pine Shadows street and drainage

Financial Implications:

Associated Information:



CITY COUNCIL FINANCE COMMITTEE AGENDA

1/23/2024

Agenda Item Number: 2.c.

Agenda Item: Discussion concerning revising the raw water contract with TRA increasing the Contract Quantity and reducing the Reservation Quantity

Initiating Department/Presenter: Finance

Presenter:

Aron Kulhavy, City Manager

Brent Sherrod, Public Works Director

Steve Ritter, Finance Director

Discussion:

Previous Council Action: Discussion concerning revising the raw water contract with TRA increasing the Contract Quantity and reducing the Reservation Quantity

Financial Implications:

Associated Information:

1. TRA Summary

The City entered into a new contract for raw water with the Trinity River Authority (TRA) effective January 1, 2021. The new contract is effective until November 30, 2070 (50 years). The old contract with TRA began August 24, 1976 and ended December 31, 2020.

The new contract provided for a "Contract Quantity" of water of 11,210 acre-feet per year (roughly 3.65B gallons for a year or 10M gallons a day). The contract also provided for a "Reservation Quantity" of 17,936 acre-feet of water. The "Contract Quantity" is the amount of water the City is committed to pay for at TRA's raw water rate (currently \$95 per acre-foot) whether the City uses the full amount or not. The "Reservation Quantity" is the amount set aside for the City in anticipation of future additional use and the City pays 30% of the \$95 Contract Quantity rate (\$28.50 per acre-foot) for the reserve water.

The contract allows the City to take/use more than the 11,210 "Contract Quantity" amount; however, the contract provides that TRA will assess a 25% surcharge on the cost of the "excess" amount over 11,210 acre-feet. Example: if the City uses 12,210 acre-feet in a year we are charged $1,000 \times \$95 = \$95,000$ which is the regular charge for raw water + $25\% \times \$95,000 = \$23,750$ the surcharge.

In the last 2 years the City has exceeded the "Contract Quantity" by 1,075 acre-feet in 2022 and 2,115 acre-feet in 2023. The contract allows for the City to increase the "Contract Quantity" and decrease the "Reservation Quantity" "at any time and from time to time". Staff would like to increase the "Contract Quantity" by 1,120 acre-feet (10%). While 2023 exceeded this amount the summer of 2023 endured a severe drought and it is not likely for such to occur again soon.

While going over creates some surcharge if we go under the "Contract Quantity" amount we "eat" the cost of the amount we are under by.

Example over - 1,000 over we pay a 25% surcharge on \$95,000 which is \$23,750; we have received revenue

Example under – 1,000 under we have paid \$95,000 for water not used & no revenue received