

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, FEBRUARY 20, 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 January 23, 2024 Finance Committee meeting.
Steve Ritter, Finance Director
- b** Consider approval of Purchasing policies amended to reference Federal Register "2 CFR Secs. 200.318 - 200.327"
Steve Ritter, Finance Director
- c** Discussion of proposed budget amendments.
Steve Ritter, Finance Director
- d** Discussion of possible increase to Water rates for FY 23 - 24 due to TRA annual settle-up amount (roughly \$650,000).
Aron Kulhavy, City Manager
Brent Sherrod, Public Works Director
Steve Ritter, Finance Director

3 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 :2/16/2024

TIME OF POSTING: 2:30PM

TAKEN DOWN:

Kristy Doll

Kristy Doll, City Secretary



CITY COUNCIL FINANCE COMMITTEE AGENDA

2/20/2024

Agenda Item Number: 2.a.

Agenda Item: Approve minutes of the January 23, 2024 Finance Committee meeting.

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Discussion:

Previous Council Action: Approve minutes of the January 23, 2024 Finance Committee meeting.

Financial Implications:

Associated Information:

1. Finance Committee Minutes 01.23.2024

Finance Committee Minutes

January 23, 2023

Members Present: Jon Strong, Karen Denman, Pat Graham

Staff Present: Aron Kulhavy, Steve Ritter and Brent Sherrod

The agenda items discussed were:

- Approved the minutes from the December 19, 2023, meeting.
- Aron and Steve discussed the Proposed source of funds regarding the Watson-Cordone agreement /Pine Shadows Street and drainage. Steve presented the committee with Fund Balance numbers:
 - ❖ General Fund -
 - ❖ \$13M in unallocated with a reserve requirement of \$8.2M (\$2M used for 23-24 budget and another \$1.1M used for rollover 23 items into FY 24 budget) leaving \$9.8M with a reserve requirement of \$8.2M that leaves \$1.6M in excess of reserve requirement for possible use.
 - ❖ Utility Fund -
 - ❖ \$10.5M in unallocated with a reserve requirement of \$7.3M (\$2.2M used for 23-24 budget and another \$230K was used for rollover 23 items into the FY 24 budget) leaving \$8,063,075 with a reserve requirement of \$7.2M that leaves \$792K in excess of reserve requirement for possible use.

Aron explained that the developer indicated that we needed approximately \$618K for the street contribution and \$422K for the drainage related to the project (all drainage would be paid by the city). Staff suggested that we create a CIP project and set the money aside for the project. The developer indicated that he should start on the project in approximately 2 years. The contract with the developer agreement indicates that the developer has 3 years to start the project. The money will be paid on a reimbursement basis to the developer. All committee members agreed to create a CIP Project. A budget amendment for funding the project will be presented to the full City Council.

- Steve and Brent discussed the current contract with TRA for water and the concern for revising the raw water contract with TRA and increasing the contract quantity and reducing the reservation quantity. Steve indicated that the contract indicates that the City can change the amounts at any time with a 60-day notice. All committee members agreed.



CITY COUNCIL FINANCE COMMITTEE AGENDA

2/20/2024

Agenda Item Number: 2.b.

Agenda Item: Consider approval of Purchasing policies amended to reference Federal Register "2 CFR Secs. 200.318 - 200.327"

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Discussion:

Previous Council Action: The City's purchasing policies need to be amended to include reference to "2 CFR Secs. 200.318 - 200.327" to comply with current grant requirements. This update shows the City is in compliance with current Federal and State grant purchasing requirements for applying for grants.

This needs approval by the Finance Committee.

Proposed motion - "Move to revise the City's purchasing policies to include language that the policies comply with "2 CFR Sections 200.318 - 200.327".

Financial Implications:

Associated Information:



CITY COUNCIL FINANCE COMMITTEE AGENDA

2/20/2024

Agenda Item Number: 2.c.

Agenda Item: Discussion of proposed budget amendments.

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Discussion:

Previous Council Action: Discussion of proposed budget amendments.

Financial Implications:

Associated Information:

1. Finance Committee and Council - BAs - 2.20.24
2. Finance Committee BA - Fire Dept.

Budget Amendments FY 23-24

City Council - February 20, 2024

Exhibit A

Increase: Utility Fund - Water Non-Departmental - Miscellaneous Expense	\$ 213,000
Utility Fund - Unallocated Reserves	\$ (213,000)

Explanation:	In Executive Session at Council's December 5, 2023 meeting Council approved a settlement agreement with Walker County SUD for \$213,000. Funds need to be budgeted in order to make the agreed upon payment. Current calculations show that the Utility Fund has approximately \$8,070,000 of uncommitted Unallocated Reserves currently. This is \$770,000 more than the required balance of \$7,300,000. If this budget amendment is approved the excess of \$770,000 will be reduced to \$557,000.
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Increase: WW CIP - Watson-Cordone/Pine Shadows drainage project	\$ 420,000
Utility Fund - Unallocated Reserves	\$ (420,000)
Increase: Street CIP - Watson-Cordone/Pine Shadows street extension project	\$ 661,170
General Fund - Unallocated Reserves	\$ (661,170)

Explanation:	In Council's December 19, 2023 meeting Council approved an agreement with Watson-Cordone for the City's participation in future infrastructure projects by the developer. This Budget Amendment puts funds in place for these potential future costs in 2 applicable projects. The \$420,000 coming from the Utility Fund will leave the Utility Fund with approximately \$137,000 in excess of the \$7,300,000 required Unallocated Reserves balance for this Fund. The \$661,170 coming from the General Fund will leave the General Fund with approximately \$939,000 in excess of the \$8,200,000 required Unallocated Reserves balance for this Fund.
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Increase: Utility Fund - Water Production - Well Maint. & Repairs	\$ 93,000
Decrease: Utility Fund - Future Appropriations	\$ (93,000)

Explanation:	Water well #20 has incurred failures that will cost approximately \$168,000 to repair. Staff has found \$75,000 from other budgeted expenses to cover a portion of the costs. There is a need of an additional \$93,000 to cover the remainder of the costs. The Utility Fund has \$150,000 budgeted in Future Appropriations. This Budget Amendment requests the use of \$93,000 of Future Appropriations. The balance for Future Appropriation in the Utility Fund after this Budget Amendment (if approved) will be \$57,000.
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Budget Amendments FY 23-24 Finance Committee - February 20, 2024

Exhibit A

Increase: General Fund - Donations	\$	5,000
Increase: General Fund - Fire Department - Other Supplies	\$	5,000

Explanation:	In December 2023 the Fire Department assisted in responding to a fire at a lumber mill in Corrigan, TX. In appreciation of the Fire Department's assistance, the owners of the lumber mill recently provided a \$5,000 gift to the Fire Department. The gift creates additional revenue to the General Fund. The Fire Department would like to use the \$5,000 to cover some of the costs for the 100 Year Anniversary Celebration of the Huntsville Fire Department. This budget amendment will allow the Fire Department to use the funds for costs for the 100 Year Anniversary Celebration
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CITY COUNCIL FINANCE COMMITTEE AGENDA

2/20/2024

Agenda Item Number: 2.d.

Agenda Item: Discussion of possible increase to Water rates for FY 23 - 24 due to TRA annual settle-up amount (roughly \$650,000).

Initiating Department/Presenter: Finance

Presenter:

Aron Kulhavy, City Manager

Brent Sherrod, Public Works Director

Steve Ritter, Finance Director

Discussion:

Previous Council Action: Discussion of possible increase to Water rates for FY 23 - 24 due to TRA annual settle-up amount (roughly \$650,000).

Financial Implications:

Associated Information: