



Huntsville, Alabama

305 Fountain Circle
Huntsville, AL 35801

Cover Memo

Meeting Type: City Council Regular Meeting **Meeting Date:** 9/12/2024

File ID: TMP-4586

Department: Huntsville Utilities

Subject:

Type of Action: Approval/Action

Resolution authorizing the Mayor to approve additional costs of \$3,000,000 for distribution transformers and \$3,900,000 for general development and extensions. This is externally driven by increased commercial and residential development and inflation. (Utilities: Electric)

Choose an item.

Finance Information:

Account Number: N/A

City Cost Amount: \$ N/A

Total Cost: \$ N/A

Special Circumstances:

Grant Funded: \$ N/A

Grant Title - CFDA or granting Agency: N/A

Resolution #: N/A

Location: (list below)

Address: N/A

District: District 1 ☐ District 2 ☐ District 3 ☐ District 4 ☐ District 5 ☐

Additional Comments: N/A

RESOLUTION 24- _____

WHEREAS, the City Council of the City of Huntsville, Alabama previously approved the expenditure for funds for electric general development and extension for fiscal year 2024 at a total estimated cost of \$7,400,000.00; and

WHEREAS, there has been an increased commercial and residential development and overall inflation; and

WHEREAS, on August 28, 2024, the City of Huntsville Electric Utility Board has approved an additional expenditure for electric general development and extension in the amount of \$3,900,000.00; and

WHEREAS, the estimated cost of said Purchase is in excess of \$25,000.00 and requires the consent and approval of the City Council of the City of Huntsville, Alabama; and

WHEREAS, the City Council of the City of Huntsville, Alabama previously approved the expenditure for distribution transformers for fiscal year 2024 at a total estimated cost of \$13,442,000.00; and

WHEREAS, the purchase price of distribution transformers has steadily increased due to the rising costs of materials, labor shortages, and overall inflation; and

WHEREAS, on August 28, 2024, the City of Huntsville Electric Utility Board has approved an additional expenditure for the purchase of distribution transformers in the amount of \$3,000,000.00; and

WHEREAS, the estimated cost of said Purchase is in excess of \$25,000.00 and requires the consent and approval of the City Council of the City of Huntsville, Alabama;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Huntsville, Alabama that the additional expenditure for electric general development and extension at a total estimated cost of \$3,900,000.00 and the purchase electric distribution transformers at a total estimated cost of \$3,000,000.00 be, and the same is hereby approved and the written consent or approval of the City Council of the City of Huntsville is hereby granted to the City of Huntsville Electrics Utility Board for the expenditure of sufficient funds from the proper fund belonging to the City of Electric Utility Board for the payment of the cost thereof.

ADOPTED this the 12th day of September, 2024.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 12th day of September, 2024.

Mayor of the City of Huntsville,
Alabama



Huntsville Utilities

ELECTRICITY • NATURAL GAS • WATER

MEMORANDUM

To: Huntsville City Council

From: Wes Kelley, President & CEO

Date: August 30, 2024

Subject: Huntsville Utilities Item for City Council September 12, 2024

Resolution authorizing the Mayor to approve additional costs of \$3,000,000 for distribution transformers and \$3,900,000 for general development and extensions. This is externally driven by increased commercial and residential development and inflation. (Utilities: Electric)

Approval of the resolution authorizing the Mayor to approve additional costs of \$3,000,000 for distribution transformers and \$3,900,000 general development and extensions. This is externally driven by increased commercial and residential development and inflation. (Utilities: Electric)

Total Estimated Cost: \$6,900,000



Huntsville Utilities

ELECTRICITY • NATURAL GAS • WATER

MEMORANDUM

To: Electric Board
From: Wes Kelley, President/CEO
Date: August 22, 2024
Subject: FY24 Budget Amendment

Distribution Transformers

The purchase price of distribution transformers has steadily increased in recent years but rose steeply during the post-pandemic supply chain crisis. The rise in prices significantly impacted HU, as this corresponded with a period of rapid community growth. At the peak of the crisis, HU ordered as many transformers as possible for a range of suppliers. Now, many of the transformers have arrived, as have the invoices.

The FY24 approved budget amount for distribution transformers is \$13,442,000. With two months left in the fiscal year, HU has spent \$14,500,000 on distribution transformers. Our projected spending by the fiscal year end will be nearly \$16,500,000. We request an additional \$3,000,000 be added to the budget for distribution transformers for FY24.

Approved Budget Amount: \$ 13,442,000

Additional Budget Request: \$ 3,000,000

General Development and Extensions

The FY24 Electric General Development and Extension was budgeted at \$7,400,000. Our projected spending by the fiscal year end will be nearly \$11,300,000. We request an additional \$3,900,000 to be added to the budget for General Development and Extensions for FY24.

This is externally driven by increased commercial and residential development and inflation. Developer fees will offset this amount, but the exact amount is unknown at this time.

Approved Budget Amount: \$ 7,400,000

Additional Budget Request: \$ 3,900,000