

**CITY OF CASTROVILLE CITY COUNCIL
REGULAR CALLED COUNCIL MEETING
1209 Fiorella
City Council Chambers
September 12, 2025
Tuesday
5:00 P.M.
MINUTES**

I. CALL TO ORDER

Mayor Bruce Alexander called the meeting to order at 5:00 p.m.

Mayor Alexander stated a quorum was present.

Mayor Alexander read the executive session items and recessed the meeting at 5:01p.m.

II. EXECUTIVE SESSION

The City Council will convene in closed session pursuant to the Texas Open Meetings Act, Chapter 551.071 Consultation with the Attorney of the Texas Government Code for one or more of the following authorized reasons:

- a. The City Council will meet in closed session pursuant to Texas Government Code Section 551.074, Personnel Matters, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the following public officers or employees:

- a. City Administrator R. Scott Dixon

Opened: 5:46 p.m.

Recessed: 6:03 p.m. (Would be continued at the end of the meeting)

- b. City Secretary Debra Howe

Opened: 5:04 p.m.

Closed: 5:33p.m.

- c. Police Chief James Kohler

Opened: 5:34 p.m.

Closed: 5:45 p.m.

III. RECONVENE IN OPEN SESSION

Mayor Alexander reconvened in open session at 6:07 p.m.

IV. ROLL CALL

Present:

Mayor Bruce Alexander

Mayor Pro Tem Sheena Martinez

Councilmember Houston Marchman

Councilmember Phil King

Councilmember David Merz

Councilmember Robert Lee

Scott Dixon, City Administrator

Debra Howe, City Secretary

Leroy Vidales, Finance Director

John Gomez, Public Works Director

Jim Kohler, Police Chief

V. PLEDGE OF ALLEIGENCE

VI. INVOCATION

Pastor Allen Deardorff from the Discover Church gave the invocation.

VII. CITIZENS COMMENTS

The City Council will hear comments from any citizen or visitor. Speakers must address their comments to the presiding officer rather than individual council members or staff; stand at the podium, speak clearly into the microphone, and state your name and residential address before speaking. Speakers will be allowed a maximum of 3 minutes for testimony. Speakers making personal, impertinent, profane, or slanderous remarks will be given one warning before losing the privilege to speak or may be removed from the room. In accordance with the State Open Meetings Act, the City Council is restricted from discussing or taking action on items not listed on the agenda. Action can only be taken at a future meeting.

No one requested to speak.

VIII. Consider possible action(s) resulting from items posted and legally discussed in Executive Session

Skipped - executive session was recessed until end of meeting.

IX. CONSENT AGENDA

- a. Minutes for August 12, 2025 Regular Called Meeting
- b. Approve Resolution declaring various furniture to be surplus property for disposal

A motion was made by Councilmember Merz and duly seconded by Councilmember Marchman to approve the consent agenda. A vote was taken (5:0 all ayes) the motion carried by all present.

X. PUBLIC HEARING

- a. Public Hearing #2 and Presentation on FY25/26 Budget

Opened: 6:10 p.m.

Finance Director Leroy Vidales briefed the City Council on all funds, included transfers in, and General Fund revenues. City Administrator Dixon said the budget as presented was balanced with a 0.5233 tax rate. The Enterprise Fund was balanced with the use of fund balance of \$502,515 and the Airport Fund was in the positive \$41,000.

No one requested to speak.

Closed: 6:18 p.m.

XI. CITY COUNCIL LIAISON REPORTS:

Airport - September 2nd - Martinez

Library - August 8th - Lee

Planning and Zoning - August 13th - Marchman

Historic Landmark Commission - August 19th – King

Parks and Recreation - August 14th – Merz

Councilmember Martinez reported on the airport board meeting discussions. Ms. Martinez said there was a new digital sign coming soon. The board discussed the drainage study; fuel sales were steady; and the current office/terminal setup was good. The board was looking at ADS-B equipment and the Airport Manager had spoken with Hondo Airport on cost. The Hondo Airport was paying \$6,000 per year and the City would be using the RAMP Grant 90/10 and only paying \$600.00. The taxi way area near the Lauderdale business was being looked at for repair. Ms. Martinez said the board was looking at ways to acquire new courtesy cars, only one was in service at this time. Ms. Martinez said the line tech position was open and staff was starting interviews. Ms. Martinez said the board had voted to move their meetings to the first Tuesday of the month. Mayor Alexander asked if the new sign was budgeted and the cost. City Administrator Dixon said the sign was \$1200.00 and would be paid with RAMP Grant funds.

Councilmember Lee reported on the August Library meeting discussions. Mr. Lee said the Library had 1291 participants for the summer programs which included cooking and exercising. Mr. Lee said the members of the board were very proactive and were looking at a five year plan for the community.

Councilmember Marchman said at the August meeting the P & Z had approved the preliminary plat for Country Village with the City Council approving at the last meeting. Mr. Marchman said the developer wished to trade 19.4 acre feet of water rights for the park land dedication requirement. Mr. Marchman said there was a question on reviewing the PID's and needing to streamline the Development Agreement. City Administrator Dixon said the Development Policy had been a stop gap until the UDO was adopted and now the policy needed to be revisited. Mr. Marchman said he thought the board wanted to have a joint meeting with the City Council on the policy. Mayor Alexander said he attended the meeting and Community Development Director Soto wished to work on the ordinances (CZO, Subdivision, and Signage) one at a time starting with the sign ordinance. City Administrator Dixon said the PID Resolutions had not been signed yet by the Mayor due to his concerns needing to be addressed by the City Attorney. Mr. Dixon said the City Attorney had responded that day stating they would defer to the City's Bond Counsel to answer the Mayor's questions.

Councilmember King said at the August HLC meeting the board approved three of the four requests. Mr. King said the board also approved appropriation for September Square as a memorial park. Mr. King said the plan would come to the City Council for approval. Mayor Alexander asked about the process for the memorial bricks at September Square. Staff said to reach out to Priscilla Garrett, she had been over the program.

Councilmember Merz said at the Parks Board had a special called August meeting and the board was reviewing fees and the policy. Mr. Merz said Priscilla Garrett spoke to the board on having the parks and recreation department to take over the responsibilities of the brick memorial program. Mr. Merz said they discussed and was in favor of the suggestion by Councilmember Lee for the Splash Pad area as a shade at Lions Park, if it was not salvageable. Mr. Merz said the board discussed heating options, purchasing more covers and lowering the temperature of the pool to save money. The board discussed a non-binding agreement with Wildlife Habitat Federation. Mr. Merz said the Friends of the Park were working on a new option for Boo Bash and it may not be trunks involved. Mr. Merz said they were looking at a Special Called meeting for September. Mayor Alexander spoke of the recent developments with the trails and that they should be discussing. Councilmember Lee spoke on the possibility of having background checks for all volunteers for safety precautions.

XII. DISCUSSION AND ACTION ITEMS

a. Discussion and possible action on the proposed Gas Utility Rate Adjustment Options

City Administrator Dixon introduced Ramsey Cripes, with SENERGY (formerly Schneider Engineers) who provided the City Council with a presentation on gas rate options. Mayor Alexander said the City had contracted out for several years with CPS and it was hard to compare the cost of operations when the voted to keep the system and bring back in-house. Mr. Cripes said the contract the City had with CPS had been a very favorable for the City. Mayor Alexander said now the City had to raise rates to compensate the costs of maintaining the 1.1 million gas system. Councilmember Lee clarified the contract with CPS had been for maintenance only, not gas rates. City discussed the two options provided. Option 1 – was to increase the base cost plus phasing in and increased gas rates over a period of three years or Option 2 – one time increases on base plus rate increase. The current rate charges were: Residential Inside Base-\$16.00 – volume charge (\$/CF) \$0.01060, Residential Outside - \$21.00 - volume charge -\$0.01290, Commercial Inside - \$21.00 - volume charge -\$0.01060, Commercial Outside - \$26.00 - volume charge - \$0.01290. Councilmember Lee said the citizens needed to know the real cost of operating the system responsibly and he was in favor of doing what was necessary now to remain solvent. Councilmember Merz agreed with Councilmember Lee on increasing the rates. Mr. Merz said the City had in place the program to help citizens with utility bills and the City Council could review and change with future discussion on the qualification if needed. City Administrator Dixon said the City Council could leave residential the same and increase commercial inside and outside or they could create a seniors rate. Mr. Merz was interested in the senior rate. Mayor Alexander said keep base costs and go up on usage rates. Council asked if the start up cost would be the same each year. Mr. Dixon said no, they were not trying to recover the startup costs but the rates proposed would be for ongoing costs. Council discussed the options provided, with consensus to keep the base cost the same for residential and just increase the gas rates.

A motion was made by Councilmember Marchman and duly seconded by Councilmember Martinez to approve Option #2 one time increase with base cost staying the same.

Councilmember Merz had a few questions on the rate structure shown. **Councilmember Marchman called the question. A vote was taken (3ayes: 2nays (Merz, Lee)) motion passed by a majority to vote on the measure.**

A vote was taken on the motion to approve Option #2 one time increase (4ayes: 1 nay (Lee)) the motion passed by a majority vote.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to adopt an ordinance establishing rates to be charged for gas services with an effective date of December 1, 2025. A vote was taken (4ayes: 1 abstain (Lee)) the motion carried by a majority vote.

b. Discussion and appropriate action on an Ordinance adopting the FY 2025-2026 Annual Budget for the Fiscal Year beginning October 1, 2025 and ending September 30, 2026 and authorize expenditures as therein provided

Councilmember Merz asked if the proposed budget as presented had the recommended fee changes. City Administrator Dixon said it did not reflect any changes. Mr. Dixon said the fees were small and would

not affect the budget. Mr. Merz asked if the parks paid their own way. Mr. Dixon said they did not. Councilmember Marchman asked about the gas rates just passed and if the increase in revenues would offset the need to use \$550,000 out of reserves to balance the budget. Mr. Dixon said it would not affect the General Fund budget and rates would not go into effect until December but would improve the Enterprise Fund with the higher rates. Councilmember Lee asked about the \$250,000 for streets and where would he find this. Mr. Lee said he wished it had been plugged in up front. Mr. Dixon said he had to balance the budget and it was put as a line item. Mayor Alexander said some of the notes provided for clarification of what was in various line items were confusing to some. Mayor Alexander said he understood the \$250,000 for streets, 3% salary increases, police department adjustments but asked about the total \$650,000 increase shown. Mayor Alexander said he had wanted notes for the line items not just a lump sum. Councilman Marchman asked if the \$550,000 was not needed for balancing the budget where would the money go back to. Mr. Dixon said it would go back into the general fund and the City Council could allocate to other areas. Mr. Dixon said it would be a one time use as it was not recommended to use fund balance for operations. Councilmember Merz gave a run down of what the \$650,000 was made up of for the City Council. Mr. Merz said the Police Department increased \$260,000 with new position, Streets- \$190,000, Court- \$150,000 (off-set by increase with revenue), and Animal Services - \$60,000. Mr. Dixon said the City Council had access through TEAMS to charts not in the presentation with year to date for clarification on what had increased during the year. Councilmember Lee said there was a continued misunderstanding by the Mayor and City Council on the \$250,000 funds earmarked for streets could only be used if the General Fund generated funds at the end of year but working with the County they would not wait and the funds would need to be used now. Mr. Dixon clarified the funds would be put back into the reserves if the revenues from the General Fund covered the \$250,000 allotted for the streets. Mr. Lee said the other concern he had was the obligations to Alsatian Oaks (380 Agreement, TIRZ) was not been shown in the budget and his understanding was the City reimbursed the development from Ad Valorem Taxes, Sales Tax, and Impact Fees. Mr. Dixon said they could do a Do To Do From accounting item and he would look at other cities on how they reflect the transfers. Mayor Alexander asked for a definition of what were restricted funds shown in the budget. Mr. Dixon said they were funds designed by City Council Ordinance or Debt Service fund, and Bond Covenant. Councilmember Merz was in favor of showing the Alsatian Oaks Development as part of the budget.

A motion was made by Councilmember King and duly seconded by Councilmember Marchman to adopt an Ordinance adopting the FY25-26 Annual Budget for the Fiscal Year beginning October 1, 2025 and ending September 30, 2026 and authorize expenditures as therein provided.

More discussion followed.

Councilmember Lee said it was unclear to him that the current tax rate was used to calculate the revenues for this budget. He was not in favor of the tax rate of 0.5233 and wished to have the option to raise the tax rate to help generate more revenue. Councilmember Merz was also in favor of raising the tax rate higher than was shown in the proposed budget to support the budget and new debt.

A roll call vote was taken: Martinez – aye, Marchman – ayes, King – aye, Merz – nay, Lee – nay. The motion carried by a majority vote.

- c. Discussion and take appropriate action on an Ordinance setting the 2025 Tax Rate of \$0.XXXX per \$100 of taxable valuation for the Tax Year beginning January 1, 2026 through December 31, 2026

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to adopt an Ordinance setting the 2025 Tax Rate of \$0.05233 per \$100 of taxable valuation for the Tax Year beginning January 1, 2026 through December 31, 2026.

Discussion followed before the vote was taken.

Finance Director Leroy Vidales provided the City Council with a blank tax rate ordinance for the City Council to decide on what rate they wish to set. The Budget was based off the current rate of \$0.5233 and the City Council had set the maximum rate of \$0.5982 at a previous meeting. Councilmember Merz had questions on why the No New Revenue rates and I & S were different in the backup material. Mr. Vidales said the numbers were received from the tax accessor and Mayor Alexander said the original numbers did not reflect the new debt issued. Councilmember Lee said the City Council was just kicking the can down the road and thought the others on council were in agreement to increase the tax rate to generate more funds. Mr. Lee said that did not seem to be the case and said if the City Council would look at using reserve funds to do more projects later on he would agree to the same tax rate. Councilmember Merz said the City Council knew the current rate of \$0.5233 did not support the City's needs and was in support of a higher tax rate.

A roll call vote was taken: Martinez – aye, Marchman – aye, King – aye, Merz – nay, Lee – nay. The motion carried by a majority vote.

- d. Discussion and take appropriate action on an Ordinance ratifying the property tax increase reflected in the fiscal year 2025-2026 budget that would require raising more revenue from property taxes than in the fiscal year 2024-2025 for the use and support of the municipal government for the City of Castroville

Finance Director Leroy Vidales said this ordinance was a legal requirement once the tax rate was adopted.

A motion was made by Councilmember King and duly seconded by Councilmember Marchman to adopt an Ordinance ratifying the property tax increase reflected in the fiscal year 2025-2026 budget that would require raising more revenue from property taxes than in the fiscal year 2024-2025 for the use and support of the municipal government for the City of Castroville. A vote was taken (5:0 all ayes) the motion carried by all present.

- e. Discussion and appropriate action on Adopting Comprehensive Fee Schedule Ordinance

Mayor Alexander said the comprehensive fee schedule was not ready for adoption and requested the City Council members to send in their questions to Mr. Dixon or Mr. Vidales and they would discuss the fees at the next council meeting. Councilmembers Martinez and Lee said they had submitted their questions. The recommendation to staff was to provide a collum on suggested fee changes for council to review. Councilmember Martinez said the language in the Airport Leases were in conflict with the fee schedule and needed to be ratified. Ms. Martinez suggested the staff do a spreadsheet. Councilmember King cautioned the City Council on raising some fees as it would not be feasible to recoup some of the fees. This item would be brought back at the next meeting.

- f. Discussion and take appropriate action on approving a proposal submitted by Pugh Constructors, Inc. for Design-Build Master Plan Services

City Administrator Dixon briefed the city council on the City receiving the proposal and the committee recommendation. Mr. Dixon said the proposal was for \$46,000 from Pugh constructors, Inc. for a high-level building master plan for the first phase of the possible remodel of City Hall. Mr. Dixon said the next phases would be brought back for council consideration and look at possible funding. Mr. Dixon said this would give the City a realistic idea of the cost to remodel the City Hall.

A motion was made by Councilmember King and duly seconded by Councilmember Marchman to approve a proposal submitted by Pugh Constructors, Inc. for Design-Build Master Plan Services in the amount of \$46,000 for a high-level building master plan for the City Hall.

Council discussion followed.

Mayor Alexander asked if the City Council would be involved with the process. Mr. Dixon said they would be and there was a limited number of meetings included in this phase. Councilmember Lee read his opinion on keeping the building and preserving but increasing the size for future uses. Mr. Lee said the building did not meet the growing needs of the City and felt the City Hall should be relocated to the current Public Works location and relocating the Public Works Department to a non-aviation area at the airport, using the current portable building and have one large building verses several small. Mr. Lee said the current City Hall could be repurposed for the Police Department and the City could sale the police property. Mr. Lee felt this was a cheap alternative to spending millions on one building. Councilmember King said this report would give the City Council the cost to know what would be the best option. Councilmembers Marchman and Martinez agreed with Mr. King they needed to see the costs for the project to make a more informed decision. Ms. Martinez said she was in favor of the one large building. Mayor Alexander said this action would give the City Council estimated costs for the project.

A vote was taken (4ayes: 1 nay (Lee)) the motion carried by a majority vote.

XIII. CITY ADMINISTRATOR REPORT

- a. Drainage Projects
- b. Highway 90 TxDot Construction
- c. Streets, Maintenance and Paving Plan
- d. WWTx Plant Ponds
- e. CPS Energy Dispute
- f. Community Center Construction

City Administrator Dixon gave a brief report on the letter received from the BMA on not renewing the long standing agreement with the City. Mr. Dixon said staff had reached out and some of the BMA concerns were safety and installation of electric gates to the property. Mr. Dixon said this may need council action and the BMA may be open to renewal and he would be updating council. Mr. Dixon said the City had received a violation notice from the Railroad Commission related to the gas system and the City's Consultant Simon Pena and the City's Gas Superintendent Javiar Jaques were working on corrections. Mr. Dixon said the Street Department was short staffed due to one employee being injured. Councilmember Lee asked for an update on the Geneva Street Drainage project. Mr. Dixon said they would be compacting the road and there would be a 14ft. entrance to the property. Mayor Alexander asked about the neighboring fence encroachment on the City easement. Mr. Dixon said the City had not pursued yet but would be in contact with the property owner. Councilmember King and Lee said the property owner was out of town for a length of time with

medical issues and they may need to wait. Mayor Alexnader said staff should act on encroachment issues, when known.

XIV. DISCUSSION ON FUTURE AGENDA ITEMS

Walk through of the Community Center Project on Monday 15th, 9a.m. Staff needed to check with contractor on allowing this during construction.

Meeting cancelation for November and December. Possible reschedule for first meeting in November due to falling on Veterans Day.

Ordinance amending Chapter 18 removing required police security at Airport. (Lee)

Discussion on changing number of board members and term expiration date on the Historic Landmark Commission to be in line with other city boards. (Marchman)

Discussion on paving Vienna Street as requested by property owner at last meeting.

Nomination of candidate for Medina County Appraisal Board.

Board and Commissions applications.

Mayor Alexander recessed the meeting to reconvene back into executive session to complete the City Administrator's evaluation at 9:00 p.m.

II. EXECUTIVE SESSION

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- a. The City Council will meet in closed session pursuant to Texas Government Code Section 551.074, Personnel Matters, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the following public officers or employees:

- a. City Administrator R. Scott Dixon

Opened: 5:46 p.m.

Recessed: 6:03 p.m. (continued at the end of the meeting)

Reopened: 9:06 p.m.

Councilmember Lee left the meeting at 9:34 p.m.

Closed: 10:16 p.m.

III. RECONVENE IN OPEN SESSION

Mayor Alexander reconvened in open session at 10:18 p.m.

VIII. Consider possible action(s) resulting from items posted and legally discussed in Executive Session

No action was taken.

XV. ADJOURN

Mayor Alexander adjourned the meeting at 10:19 p.m.

Mayor

ATTEST:

City Secretary