



Agenda Report

Agenda of: August 12, 2025

Department: Administration

Subject: Discussion and possible action regarding the proposed Enterprise Fund budget for the City of Castroville.

Recommended Motion:

Background:

Staff is presenting the Proposed Enterprise Budget for Council discussion and possible action. The draft budget reflects the City's commitment to maintaining service levels while addressing operational needs and strategic priorities within the enterprise funds (Water, Wastewater, Electric, Gas, Refuse and Airport).

Key highlights of the proposed budget include:

- **Use of Fund Balance:** Strategic use of available fund balance is proposed to support key capital and operational needs.
- **Gas Department Staffing:** The budget includes funding for one new full-time gas utility employee to enhance delivery service, improve safety response, and support ongoing infrastructure maintenance.
- **Proposed Gas Rate Adjustment:** A modest gas rate increase is proposed to support operational cost recovery, address inflationary pressures, and ensure the long-term sustainability of the gas utility. Detailed rate information will be presented during the meeting.
- **Airport Budget Revisions:** The Airport Fund has been revised to:
 - Add a new personnel position to support airport operations and maintenance.
 - Remove previously proposed Capital Improvement Projects (CIP) from the FY 2025-2026 budget cycle to better align with current funding capacity and priorities.

Next Steps:

Fiscal Impact:

☐ Budgeted ☐ Requires Budget Amendment

Source of Funding:

Attachments: Budget Workshop #4 PowerPoint Continuation

Urgency (0-5 = Low Urgency to High Urgency): 3

Impact (0-5 = Low Impact to High Impact): 3

Submitted by: Leroy Vidales

City of Castroville

Budget Workshop #4
(Continuation)

August 8, 2025

Enterprise Fund Proposed Expenditures

Expenditures	Actual 2024	Approved 2025	Forecast Fy 2025	Proposed 2026	% Change
Utility Administration	*\$1,037,610	\$1,010,506	\$ 1,428,109	**1,043,345	
General Fund Admin.	359,704	378,657		**\$390,016	
Gas Department	528,814	539,852	674,859	1,131,481	110%
Sewer Department	1,037,885	1,665,406	1,487,989	1,969,638	18%
Electric Department	3,047,026	3,246,083	3,011,093	3,879,761	20%
Water Department	1,051,759	1,485,137	1,470,927	1,822,156	23%
Refuse Department	401,089	377,152	438,385	505,822	34%
TOTAL EXPENDITURES	\$7,463,887	\$8,702,793	\$ 8,511,362	\$ 9,298,858	7%

**This amount does not include depreciation cost of \$856,011 (Audit adjusting Entry)*

***This is shown for illustration purposes. Administrative Expenses are now embedded within the Enterprise Budget by percentage (see next slide)*

Enterprise Fund DRAFT Proposed Expenditures 2025-2026 (UNFUNDED)

Expenditures	Actual 2024	Approved 2025	Proposed 2026	% Change	Amount Change	Unfunded Requests
Gas	\$ 528,814	\$ 539,852	\$ 1,333,231		\$ 793,379	- Increase City Public Service Contract \$20,000 - Increase to repairs to existing service \$25,000 - Increase in locating services \$10,000 - Increase in Repairs/Maintenance Equipment Purchase \$146,750
Sewer	\$ 1,037,885	\$ 1,665,406	\$ 2,464,543	50%	\$ 799,137	- Increase in Chemicals \$5,000 - Increase in Utility Mapping \$15,000 - Increase in Sludge Disposal \$20,000 - Increase in equipment repairs and maintenance \$9,905 - Increase in equipment purchases, Combo Vac Truck \$95,000 which will be split between other departments, sludge fermenter \$150,000, Aerobic Digester \$200,000
Electric	\$ 3,047,026	\$ 3,246,083	\$ 4,314,761	33%	\$ 1,068,678	- Increase in Electricity (CPS) \$55,000 - Increase in LCRA \$200,000 - Increase in Utility Mapping \$15,000 - Increase in Contracted Services - Tree Trimming \$20,000 - Increase in Equipment Purchases - Small Bucket Truck \$50,000, Combo Vac Truck \$95,000 which will be split between other departments
Water	\$ 1,051,759	\$ 1,485,137	\$ 2,457,156	65%	\$ 972,019	- Increase in Benchstock Supplies \$30,000 - Increase in Utility Mapping \$15,000 - Increase in Equipment Purchases - Replace retired F150 \$65,000, Combo Vac Truck \$95,000 which will be split between other departments - Increase in Utilities System Maintenance - Replace Well 1, Electric upgrades/generators wells 2 & 3 \$430,000
Refuse	\$ 401,089	\$ 377,152	\$ 505,822	34%	\$ 128,670	No Increase
Total Operating Expenditures	\$6,066,573	\$ 7,313,630	\$ 11,075,513	51%	\$ 3,761,883	

ENTERPRISE FUND DISCUSSION

Questions?

RATE DISCUSSION

- Presentation by Senergy

CITY OF CASTROVILLE

GAS UTILITY RATE DESIGN

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POWERED BY SCHNEIDER ENGINEERING

BACKGROUND

- CPS Gas O&M contract terminating
- This is resulting in need for hiring new staff, purchase of equipment, additional expenses
- Historical expenses reported as follows:

Historical Expenses	Expenses FY2023	Expenses FY2024
Gas Utility	\$463,644	\$527,267

CURRENT GAS UTILITY RATES

Gas	Customer Charge	Volume Charge
Residential Inside	\$16.00	\$0.01060
Residential Outside	\$21.00	\$0.01290
Commercial Inside	\$21.00	\$0.01060
Commercial Outside	\$26.00	\$0.01290

Budget/ Revenue Requirement	Adopted Budget FY2025	Proposed Budget FY2026
Gas Utility	\$756,352	\$1,131,481

PROPOSED RATE ADJUSTMENT

- Option 1:

Gas	Customer Charge	Volume Charge
Residential Inside	\$45.00	\$0.01166
Residential Outside	\$50.00	\$0.01419
Commercial Inside	\$55.00	\$0.01166
Commercial Outside	\$65.00	\$0.01419

- Option 2:

Gas	Customer Charge	Volume Charge
Residential Inside	\$25.60	\$0.0170
Residential Outside	\$33.60	\$0.0206
Commercial Inside	\$33.60	\$0.0170
Commercial Outside	\$41.60	\$0.0206

RATE COMPARISON

Name	Customer Charge	Volume Charge	Total Bill (100 CCF)
Castroville - Current Rates	\$16.00	\$12.35	\$28.35
Castroville Proposed - Option 2	\$25.60	\$3.45	\$29.05
Castroville Proposed - Option 1	\$45.00	\$2.92	\$47.92
CPS	\$10.36	\$87.94	\$98.30
Boerne	\$15.53	\$125.43	\$140.96
Grey Forest	\$9.50	\$135.66	\$145.16

Airport Fund Proposed Expenditures

Expenditures	Actual 2024	Approved 2025	Proposed 2026
Total Operating Expenditures	* \$ 342,414	\$ 414,850	\$ 427,489
Fuel Sales	312,150	296,300	300,000
Debt Service (Bond Series 2021)	43,673	45,225	44,779
Transfers Out	6,000	6,000	6,000
TOTAL EXPENDITURES	\$ 704,237	\$ 762,375	\$ 778,268

*This amount does not include depreciation cost of \$281,454 – Auditors Adjusting Entry

AIRPORT FUND DISCUSSION

Questions?

CIP EXPENDITURE REQUESTS

<u>Department</u>	<u>Unfunded Items</u>	<u>Amount</u>
Facilities	Library Expansion	\$ 400,000
	New PD Facility	\$ 3,500,000
	City Hall Remodel	\$ 2,500,000
	New PW Facility	\$ 3,500,000
	Animal Services Facility	\$ 400,000
	Total	\$ 10,300,000
Wastewater	WWTP Ponds and Dam	\$ 50,000
	WWTP Improvements	\$ 2,070,000
	Regional Park Lift Station	\$ 800,000
	Regional Park LS WW Line	\$ 4,982,404
	SCADA @ WWTP	\$ 250,000
	Total	\$ 8,152,404
Water	Misc. Waterlines	\$ 250,000
	Elevated Storage Tank	\$ 21,000,000
	Total	\$ 21,250,000
Electric	Country Village Underground	\$ 2,000,000
	Total	\$ 2,000,000
Gas	Annual Dimp	\$ 150,000
	Total	\$ 150,000
Parks	September Square	\$ 50,000
	Houston Square	\$ 250,000
	Total	\$ 300,000

<u>Department</u>	<u>Unfunded Items</u>	<u>Amount</u>
Streets	Downtown Sidewalks	\$ 300,000
	Downtown Lighting	\$ 85,000
	County Rehab	\$ 400,000
	Park Road	\$ 125,000
	Street Overlay	\$ 500,000
	Total	\$ 1,410,000
Airport	Courtesy Vehicle	\$ 30,000
	Hangar Door Upgrades (Either A or B)	\$ 250,000
	Storage Unit	\$ 32,000
	Covered parking for fuel truck	\$ 15,000
	Taxi way repaving Hangar Access Road	\$ 50,000
	New T Hangars	\$ 250,000
	Total	\$ 627,000
Drainage	Lorenzo Street North Drainage Improvements	\$ 11,647,488
	Athens Street South Drainage Improvements - Phase I	\$ 15,510,706
	Athens Street South Drainage Improvements - Phase 2	\$ 3,510,108
	Naples Street North Drainage Improvements - Phase I	\$ 14,489,165
	Naples Street North Drainage Improvements - Phase 2	\$ 4,708,398
	Naples Street North Drainage Improvements - Phase 3	\$ 3,506,113
	Valley Mobile Home Park Flooding	\$ 5,638,674
	Lower LaCoste Road Drainage Improvements	\$ 632,169
	Castroville Airport Erosion Hazard	\$ 84,188
	River Valley Drainage Improvements	\$ 507,652
	Total	\$ 60,234,661
	Grand Total	\$ 104,424,065