



# Agenda Report

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**Agenda of:** October 14, 2025

**Department:** Administration

**Subject:** Discussion on the City of Castroville Capital Improvement Plan (CIP), including a review of the plan’s development history, implementation progress, and remaining priorities.

## Background:

The **City of Castroville Capital Improvement Plan (CIP)**, also referred to as the **Community Investment Plan**, was developed collaboratively with the City Council over multiple workshops conducted between **May 2021 and January 2022**. The plan was formally adopted and funded in early 2022 to serve as a **five-year roadmap for the City’s capital investments**, addressing infrastructure, facilities, utilities, and community enhancements.

The CIP was guided by the City’s mission to *preserve Castroville’s rich culture, historic architecture, and natural environment* and structured around the core values of stewardship, empowerment, responsibility, vision, and excellence—summarized as **“We S.E.R.V.E.”**.

The original CIP outlined more than **\$115 million in capital investments** across the City’s utility and general fund functions, organized into six major categories:

1. Utilities (water, wastewater, electric, and gas systems)
2. Transportation and Streets
3. Drainage and Flood Control
4. Parks and Recreation
5. Public Facilities (City Hall, Library, Community Center, Public Safety Building)
6. Equipment and Vehicles

The plan envisioned funding through a combination of **bond proceeds, developer contributions, grants, and cooperative partnerships**, with a long-term debt issuance strategy as follows:

Fund Type Anticipated Issuance Schedule Planned Total (2021–2027)			
Utility Funds	\$6,000,000 annually		\$36,000,000
General Fund	\$5,000,000 every two years		\$15,000,000

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# IMPLEMENTATION AND DEBT HISTORY

The City began implementing the CIP in **January 2022** through a combination of bond issuances and targeted project management. However, due to slower-than-expected residential and commercial development—initially projected to exceed 2,000 acres and 3,000 new homes/businesses—some planned issuances were postponed or reduced.

## Debt Issuances to Date:

Issuance / Funding Source	Amount	Date	Purpose / Notes
Certificates of Obligation (General + Utility)	\$9,285,000	January 2022	Initial phase of CIP; funded water, wastewater, lift station, AMI, and facility projects.
Certificates of Obligation (Utility)	\$4,735,000	March 2023	Funded additional utility projects.
USDA Loan (Airport Hangar Project)	\$1,180,000	November 2021	Airport facility expansion-new hangar.
Certificates of Obligation (Drainage Projects)	\$1,500,000	August 2024	Primarily Garza Creek and local drainage improvements.

# STATUS OF MAJOR PROJECTS

Most of the **funded projects** identified in the 2022 CIP are **completed or nearing completion**, including:

Project	Status (as of October 2025)
AMI Meter Replacement Program	~95% complete
Country Village Lift Station Improvements	~90% complete
Community Center Construction	Under construction; scheduled for completion January 2026
SCADA System Upgrade	Partially funded; ongoing integration
Garza Creek Drainage Improvements	In progress
Airport Hangar Expansion	Completed (USDA-funded project)

# LEGAL AND FINANCIAL FRAMEWORK

The City’s CIP serves as a **planning document** that aligns strategic objectives with available financial resources. It does **not** appropriate funds, but rather identifies priorities for future budget and debt planning.

## Permitted Uses of Bond Proceeds:

Under **Texas Local Government Code Chapter 271**, bond proceeds must be expended for **public-purpose capital improvements**, such as:

- Water, wastewater, and drainage infrastructure;
- Streets, sidewalks, and traffic systems;
- Municipal facilities (City Hall, Public Safety, Library, Community Center);

- Parks, recreation, and community amenities;
- Equipment, vehicles, and technology directly tied to these assets.

### Financial Policy Considerations:

- Proceeds must generally be **expended or obligated within three years** of issuance.
- Unused funds may be **reallocated or refunded** as permitted by bond covenants.
- Utility fund debt may only finance utility-related projects and cannot support General Fund purposes.

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## REMAINING PRIORITIES AND NEXT STEPS

Although most funded projects are well underway, several key priorities remain **unfunded or pending** further cost evaluation:

Unfunded / Pending Project	Description / Status
City Hall and Library Renovation	Awaiting design cost estimate
New Police Station (or Renovation Alternative)	No design or cost established
Street Repairs and Reconstruction	Partnership under negotiation with Medina County
SCADA System Completion	Remaining funding needed for full utility integration
Parks Improvements	No active design or funding allocation

Given current funding availability and market conditions, staff recommends **deferring new project commitments** until updated cost estimates are obtained and evaluated.

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## STAFF RECOMMENDATION

Staff recommends that the City Council:

1. Receive and discuss the report on the current status of the City's Capital Improvement Plan.
2. Defer new debt issuance decisions until updated project cost estimates are available for City Hall/Library, Police Facilities, and Street Repair projects.
3. Direct staff to update the **five-year CIP schedule and funding matrix** following completion of these cost evaluations.

### Fiscal Impact:

None at this time. Discussion item only.

Future fiscal impact will depend on subsequent debt issuances, estimated project costs, and Council prioritization.

☐ **Budgeted**   ☐ **Requires Budget Amendment**

**Source of Funding:** Account Code:

**Attachments:** Final 2022 Capital Improvement Plan (Adopted January 2022)

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

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

**Submitted by: R. Scott Dixon**