



CITY COUNCIL AGENDA REPORT

DATE: August 20, 2025

AGENDA OF: August 26, 2025

DEPARTMENT: Administration

SUBJECT: Discussion and possible action on the proposed Gas Utility Rate Adjustment Options

RECOMMENDATION: Motion to approve the proposed Gas Utility Rate Adjustment Option _____ as presented.

BACKGROUND/DISCUSSION: The CPS Gas Operations & Maintenance (O&M) contract has been terminated. As a result, the City of Castroville must now manage gas utility operations fully in-house. This transition requires hiring staff, purchasing equipment, and assuming operational responsibilities previously covered under the CPS contract.

To ensure rates are structured appropriately to cover these new costs, staff contracted with Synergy to evaluate the system and develop proposed Gas Utility Rate Adjustment Options for Council consideration.

DISCUSSION: The presentation provides:

- An overview of current gas utility rates.
 - A review of financial impacts from transitioning operations in-house.
 - Option 1: Incremental rate increases over time.
 - Option 2: A one-time rate adjustment.
 - A residential rate comparison with surrounding communities
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Next Steps:

Fiscal Impact:

☐ Budgeted ☐ Requires Budget Amendment

Source of Funding: The proposed adjustments are designed to offset staffing, equipment, and operational costs previously included in the CPS O&M contract. Fiscal impact will vary depending on whether Council chooses an incremental or one-time adjustment.

Attachments: Gas Rate Update Presentation by Synergy

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

Submitted by: Leroy Vidales