

**CITY OF CASTROVILLE CITY COUNCIL
SPECIAL CALLED COUNCIL MEETING/WORK SESSION
1209 Fiorella
City Council Chamber
February 24, 2026
Tuesday
3:00 p.m.
MINUTES**

I. CALL TO ORDER

Mayor Bruce Alexander called the meeting to order at 3:00 p.m.

II. ROLL CALL

Present:

Mayor Bruce Alexander	Scott Dixon, City Administrator
Mayor Pro Tem Sheena Martinez	Debra Howe, City Secretary
Councilmember Houston Marchman	Leroy Vidales, Finance Director
Councilmember Phil King	John Gomez, Public Works Director
Councilmember David Merz	Jonah Chang, Parks and Recreation Director
Councilmember Robert Lee	

Others in attendance:

Daniel Jones, Denton, Navarro, Rodrigues, Santee, Benal & Zach
Utility and Police Employees

III. 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.

Adriana Arrington-Calk, Chairman of the Parks and Recreation Advisory Board, spoke in support of the TPWD Grant the City had been awarded for Lions Park. Ms. Arrington-Calk said the project would be for an all-abilities playground and hoped the City Council would support by appropriation of funds during the CIP discussion. Ms. Arrington-Calk also encouraged the City Council to look at providing funding for a new shower/restrooms building at the pool.

Mayor Alexander requested the meeting be stopped at 4:45 p.m. to prepare for the regular meeting beginning at 5:00 p.m.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to stop the meeting at 4:45 p.m. A vote was taken (5:0 all ayes) the motion carried by all present.

IV. DISCUSSION AND ACTION ITEMS

- a. Discussion and possible action to identify, prioritize, and allocate funding for capital projects related to both general fund and utility fund projects

City Administrator Dixon briefed the City Council on funding sources for the projects listed and identified at the last work session. Mr. Dixon said the City had Hot Funds (for certain projects), unrestricted, restricted, and bond funds for projects the City Council identified. City Council was provided information on cash on hand in the General Fund – FY24 Audited Fund Balance - \$3,799,674, FY25 Audited Fund Balance - \$3,812,326, FY26 Operating Budget - \$5,409,025 which equated to 365 days - \$14,819 per day. Mayor Alexander asked how much the City had in the General Fund Balance. Mr. Dixon said General Fund had 257 days shown at \$3,812,326, and the City’s practice was 120 days in reserves equal to \$1,778,280. This left an excess Fund Balance of \$2,034,046 with a commitment of \$443,620 in interest for the City Hall remodel project. Mayor Alexander said he had not realized all the interest was to be used for the City Hall project. Mr. Dixon said that had been approved by the previous City Council but the current City Council could change direction. In the Utility Fund – FY24 Audit Fund Balance - \$6,181,169, FY25 estimated Fund Balance - \$7,223,308 with FY26 Operating Budget - \$9,314,315 which equated to 365 days -\$25.519 per day. Mr. Dixon said the Utility Fund Balance of \$7,223,308 minus the \$3,062,280 for 120 day reserves left \$4,161,028 in Excess Fund Balance. This did include restricted funds in the amount of \$2,525,747 shown in Water Acquisition Fund (\$437,101), Water/Sewer Impact Fee (\$1,959,018), and Utility Drainage Fund (\$129,628). Mayor Alexander asked for the amount the City should spend down on remaining bond funds as there was a time limit on use. Councilmember Lee felt the City should not go out and borrow more funds since the City still owed millions on the Sewer Treatment Plant Project. Mr. Lee asked if the City could use Impact Fees to repay the loan. Mr. Dixon said no they could be used for maintenance on the lines but not use as loan payments. Mayor Alexander said \$6 million could be used for water and/or wastewater projects. Councilmember Lee asked if all the Utility Funds were committed. Mr. Dixon said the 2024 Bond for drainage at \$1,318,196 was for Garcia/Garza Creek and the City was unsure of the cost for the project yet. Councilmember Merz spoke on the streets map with street identified for maintenance saying it was showing the newer streets, not the old portions of town to prolong the life of the streets. Mr. Merz said to budget \$300,000 each year with increases as other developments came into the City. Councilmember Martinez said the streets in her district, River Bluff, would need to be completely re-built due to the base materials being inadequate. Mayor Alexander said they used to do a double seal coat and this had been very successful in the past, but it depended on previous maintenance, materials, and traffic flow on the life of the street. Mayor Alexander asked why the streets in Alsatian Oaks were targeted for maintenance, when they were not in poor condition. Mr. Dixon said they were trying to be proactive on keeping the newer streets in good condition. Mr. Dixon said the City had a contract with GoodRoads and he could have the company come back to discuss the study they had conducted on the streets. Councilmember Martinez spoke on information provided at a previous 2024 CIP workshop identifying the unfunded projects the previous City Council approved. Mr. Dixon clarified did this City Council wished to proceed with this list only. Mayor Alexander said they would review the list and decide. Mayor Alexander said the City needed a street plan and he had spoken with the County Judge and Commissioner that day on working with the City on some street projects. Councilmember Marchman clarified they had \$6 million to spend now and in looking at the old list he felt \$400,000 was not enough to make a difference on

(Cont.)

the streets but more like a seven-figure amount should be allotted. Mr. Dixon said the previous City Council had worked toward borrowing \$6 million every two years for Utilities and \$2.5 million for General Fund projects but the growth did not happen as planned so it was not recommended. Mayor Alexander said if they had known of the amount of reserves they had now they could have already been working on projects. Councilmember Merz said the CIP information was on the website with the numbers and there was \$40 million of unfunded projects in the City's CIP. Mr. Merz said for example they could spend sales tax and property tax revenues but they may still have to look at raising taxes to have the funds to do proper maintenance on the utilities and streets in the future. Councilmember King said the previous City Council had made a commitment to build the Community Center and he was glad the City was receiving match grants but the City did have challenges in other areas and they had to balance the needs and wants out. Councilmember Lee was glad they were talking about the needs of the City and said streets would always be an issue. Mr. Lee was in favor of having a street maintenance plan in place. Mayor Alexander said the County could not be the street contractor and the County would be reimbursed for the work but the cost would be less than bidding out a project to a private company. Mayor Alexander said the City Council needed to have a priority list of streets prepared and needed to rely on the Public Works Department for input. Mr. Dixon said that would depend on how much the City wished to spend, and if they wanted to employ more employees and more equipment. Mr. Dixon provided proposed CIP Projects with timelines and proposed costs supported by the General Fund as: Street Overlay & Maintenance (General Fund Operating Budget) - \$400,000 (ongoing- beginning in 2026), City Hall Option "B" (committed funds & 2025 Bond) - \$3,150,000 (2026-2027), Library Addition Option "B" (2025 Bond) - \$550,000 (2026-27), Library Off-Street Parking (General Fund Reserves) - \$200,000 (2026), Steinbach Drainage (General Fund Reserves) - \$30,000 (2026), Lions Park Playscape (TPWD 50/50 Grant & General Fund Reserves) - \$750,000 (2026), Lions Park Fence (General Fund Reserves) \$50,000 (2026), Regional Park Parking (General Fund Reserves) - \$150,000 (2026), Pool Showers/Restrooms (General Fund Reserves) - \$205,000 (2026), New Police Department Facility (Future Bond) - \$3,500,000 (2028), and a New Animal Services Building (Future Bond) - \$2,500,000 (2030). Mr. Dixon said they also had the Utility Fund CIP proposed projects with cost and timeline to review. Mayor Alexander said he felt the Steinbach Haus drainage project was a maintenance item, not a CIP project but doing an engineered study on the drainage \$30,000 would not be enough to complete the project. Mayor Alexander said there were drainage issues all over town and he was not in favor of purchasing another maintainer but the City could do bar ditch maintenance with a front end loader, dump truck and road grader. Mayor Alexander said the City had to take care of the drainage issues. The City Council went through the list provided and chose the top projects they thought were most important for funding. Councilmembers went back and forth on what was important to each and the amount they felt they could commit to get each of the projects completed. The City Council spoke briefly on the northern route and Mr. Dixon said that project was unfunded. Mr. Dixon said there were two TIRZ – Alsatian Oaks and the Downtown TIRZ with those funds to be spent on maintenance spelt out in the TIRZ. Councilmember Marchman asked why the Gas truck and the Combo truck were not in these projects. Mr. Dixon said they would still need some additional funding, but the Gas budget did have some funds available.

Councilmember King was in favor of committing \$400,000 each year in the operating budget for street maintenance and would rather have more money put toward the City Hall project and not do parking at the Pool or Library at this time. The City Council was still discussing each of the projects and funding amounts at the stop time and they agreed to recess the meeting to continue discussion after the regular called meeting was complete.

A motion was made by Councilmember Marchman and duly seconded by Councilmember Lee to recess the meeting at 4:45 p.m. to resume after the regular called meeting was complete. A vote was taken (5:0 all ayes) the motion carried by all present.

Mayor Alexander reconvened the meeting at 9:02 p.m.
All members of the City Council were present.

A motion was made by Councilmember King and duly seconded by Councilmember Marchman to reopen the meeting. A vote was taken (5:0 all ayes) the motion carried by all present.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to end the meeting at 9:30 p.m. A vote was taken (5:0 all ayes) the motion carried by all present.

Discussions continued. Councilmember King felt they should fund the full amount for City Hall remodel. Mayor Alexander was not in favor of a funding full amount, more like \$1 million and look at more funds after the project is started. Councilmember Lee wanted to explore building a new City Hall and putting some funds into improvements to the current building. Councilmember Marchman was not in favor of this suggestion. Councilmember Marchman said the windows needed to be repaired now, not wait on a remodel. Councilmember Merz said they had enough money to do the complete City Hall project and all of the other projects identified.

A motion was made by Councilmember King and duly seconded by Councilmember Merz to remove the Street Maintenance and approve the funding amounts with General Fund Reserves for: City Hall Option "B" for \$3,150, 000; Library Option "B" for \$549,000; Lions Park Playscape Grant match for \$469,367; Regional Park Parking for \$200,000; and Pool Showers/Restroom Building for \$205,000. A vote was taken (2 ayes (King, Merz) 3 nays (Martinez, Marchman, Lee) the motion failed.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to approve funding amounts for Streets/Drainage for \$400,000; City Hall remodel for \$1,000,000; Library Option "B" for \$549,000, Lions Park Playscape Grant match for \$469,367; Regional Park Parking for \$200,000; and Pool Showers/Restroom Building for \$205,000. A vote was taken (3 ayes: 2 nays (King, Merz) the motion carried by a majority vote.

V. **ADJOURN**

Mayor Alexander adjourned the meeting at 9:32 p.m.

Bruce Alexander
Mayor

ATTEST:

Debra Howe
City Secretary