

**CITY OF CASTROVILLE CITY COUNCIL
REGULAR CALLED COUNCIL MEETING**

**1209 Fiorella
City Council Chambers**

August 26, 2025

Tuesday

6:00 P.M.

MINUTES

***Executive Session was postponed and meeting was posted to start at 6 p.m. in advance.**

I. CALL TO ORDER

Mayor Bruce Alexander called the meeting to order at 6:01 p.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
 - b. City Secretary Debra Howe
 - c. Police Chief James Kohler

This item was postponed

III. RECONVENE IN OPEN SESSION

Skipped.

IV. ROLL CALL

Present:

Mayor Bruce Alexander

Mayor Pro Tem Sheena Martinez

Councilmember Houston Marchman

Councilmember David Merz

Councilmember Robert Lee

Leroy Vidales, Finance Director

Debra Howe, City Secretary

John Gomez, Public Works Director

Jim Kohler, Police Chief

Darin Hamm, Tourism/Business Director

Breana Soto, Community Development Director

Absent:

City Administrator Scott Dixon

V. PLEDGE OF ALLEIGENCE

VI. INVOCATION

Mayor Bruce Alexander 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.

Margie Black, 1009 Vienna, spoke to the City Council on wanting her portion of Vienna street to be paved and maintained. Ms. Black provided pictures of the area and hoped the City would take care of.

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

Skipped.

IX. CONSENT AGENDA

- a. Minutes for August 01, 2025 Special Called Meeting
- b. Minutes for August 12, 2025 Regular Called Meeting
- c. Authorize a Memorandum of Understanding between the City of Hondo, City of Castroville, Medina County Sheriff's Department, and Medina Valley ISD Police Department
- d. Authorize Change Order #1 in the amount of \$72,896.89 for the Community Development Grant Project # Waterline Project
- e. Discussion and appropriate action on a resolution amending the Development Agreement for the City of Castroville Public Improvement District (The Heights of Castroville)
- f. Discussion and appropriate action on a resolution amending the Development Agreement for the City of Castroville East Side Public Improvement District No. 2 (Flat Creek)
- g. Discussion and possible action on a preliminary plat for Country Village Estates - Phase II

Councilmember Marchman requested items e., f., g. be removed for further discussion.

Councilmember Lee requested item b. be removed for further corrections/details.

A motion was made by Councilmember King and duly seconded by Councilmember Merz to approve the consent agenda items a, c and d. A vote was taken (5:0 all ayes) the motion carried by all present.

Councilmember Lee wished to review the August 12, 2025 minutes further for corrections and more details related to the FAA complaint appraisal of airport land related to the Medina Valley Baseball Association to establish fair market value.

A motion was made by Councilmember Lee and duly seconded by Councilmember Martinez to have August 12, 2025 minutes brought back with corrections/additions. A vote was taken (5:0 all ayes) the motion carried by all present.

e. **Discussion and appropriate action on a resolution amending the Development Agreement for the City of Castroville Public Improvement District (The Heights of Castroville)**

Mayor Alexander asked questions on the amendment to The Heights of Castroville PID. Mayor Alexander said the tax rate calculations with the amendment was 3.0563 and was over the 3.0 shown in the original development agreement. Mayor Alexander felt the development agreement should go back for review before approval. Rob Killen, legal counsel, for The Heights of Castroville and Flat Creek was present. Councilmember Lee asked about missing wording in the resolution on what would be provided for the citizens of Castroville. Mr. Lee said it needed to be corrected before approved. Mr. Killen said the PID amendment was only correcting language to match the development agreement and original PID. Councilmember Merz asked if the \$6,000,000 was the original amount or new amount. Mr. Killen said it was the original. Councilmember Lee asked about the language on the City issuing bonds for the PIDS and was the City liable if the development defaulted. Mr. Lee asked it would affect the City ratings when the City issued bonds. Andrew Freeman with SAMCO, City Financial Advisory said it did not affect the City or it's ratings. Mr. Killen, Attorney for the developments said the PIDs were at no cost to the City, the citizens who lived in the developments paid for improvements. Mayor Alexander was still concerned with the higher tax rate of 3.0563 for those residence and felt the City would not be able to raise the tax rates.

A motion was made by Councilmember King and duly seconded by Councilmember Marchman to authorize the Mayor to sign a resolution amending the Development Agreement for the City of Castroville Public Improvement District (The Heights of Castroville) after consultation with the City Attorney on his concerns. A vote was taken (5:0 all ayes) the motion carried by all present.

f. **Discussion and appropriate action on a resolution amending the Development Agreement for the City of Castroville East Side Public Improvement District No. 2 (Flat Creek)**

A motion was made by Councilmember King and duly seconded by Councilmember Marchman to authorize the Mayor to sign a resolution amending the Development Agreement for the City of Castroville East Side Public Improvement District No. 2 (Flat Creek) after consultation with the City Attorney on his concerns.

Councilmember Lee asked what was meant by other good and valuable consideration language in the amendment. Rob Killen, legal counsel for the developments said it was legal terms. Councilmember Merz gave a brief summary of what the development agreement consisted of including higher end designs/materials and road improvements.

A vote was taken (5:0 all ayes) the motion carried by all present.

g. **Discussion and possible action on a preliminary plat for Country Village Estates - Phase II**

Dawn Groff, 1210 Country Lane, was recognized to speak on this subject. Ms. Groff said her property was adjacent to Phase I and Phase II of the development and had concerns with the road running in front. Ms. Groff said the road stopped right at her gate and with the new phase she may not have access to her home as was the case during the last phase. Ms. Groff said she was not notified at any time by the city or contractor during the last construction and did not want that to happen again. Ms. Groff wanted to have access to her property by road and would not take down her fence as suggested by someone.

Breana Soto, Community Development Director apologized for the disruptions the previous construction had caused and said the plans submitted addressed the road in front of her house and to reach out to her and she would go out and make sure she was able to reach her property. Councilmember Lee asked about park land not being shown on the preliminary plat. Mr. Lee asked if they paid a fee in lieu of. Ms. Soto said as under current ordinance developments under 100 lots were to pay a fee instead of dedicating park land. Mr. Lee asked where the money was placed. Finance Director Leroy Vidales said there was a park fund for the use of maintaining city parks. Councilmember Merz asked if the preliminary was in conformance with the subdivision ordinance and the City Council really could not deny. Ms. Soto said it did conform and the City Council had the option to deny but the recommendation was to approve as it met the ordinance. Councilmember King asked if the property had to be in the city. Ms. Soto said it did. Mr. King asked Ms. Groff if her property was in the city limits. Ms. Groff said the front half was and she had dedicated 25ft. as an easement with adjacent property owner. Councilmember Marchman asked what the City could do to make right with her. Ms. Groff said she just did not want to be ignored during the construction and to not have the same issues that happened during the last phase.

A motion was made by Councilmember King and duly seconded by Councilmember Lee to approve the preliminary plat for Country Village Estates - Phase II. A vote was taken (5:0 all ayes) the motion carried by all present.

X. PRESENTATIONS

- a. **Presentation by Mark Chadwick, Medina County Emergency Services Coordinator covering: Outdoor Warning Sirens I-Info Alert System / Alliance for Community Solutions (ACS) Castroville's Emergency Management Plan component of Medina County plan NIMS (National Incident Management System) training for public officials**

Medina Council Emergency Management Services Coordinator Mark Chadwick briefed the City Council on his role and what he had accomplished during his time as the coordinator. Mr. Chadwick said he provided notifications, wrote/updated emergency plans for the County and the Cities, and provided/taught the NIMS training. Mr. Chadwick introduces two of his trained volunteers who were in attendance. Both men were amateur radio operators and helped with various events including the Tour de Castroville and National Night Out. Councilmember Lee said the local amateur radio clubs had radio repeaters on city property on Cross Hill to help support local communications. Mr. Lee said the County Emergency Services had a full-scale exercise at the Medina Valley High School a number of years ago to practice medication distribution and wondered if there were or would be those exercises. Mr. Chadwick said they held an exercise at Hondo Airport last year, the airport having more room, and could work with the City to do the same in Castroville. Mr. Chadwick said Medina County had received a large grant and would be doing a massive communication upgrade. Councilmember Lee asked about who controlled the sirens saying the City used to set off manually. Mr. Chadwick said they now had an app and did this remotely. Mr. Chadwick warned the system was outdated and would need to be upgraded in the future when the City Council looked at future budget items. Councilmember Martinez asked about having an MOU with other entities for shelters, such as the school district. Mr. Chadwick said the school districts did not want to be a shelter saying it was very costly with repairs after an event. Mr. Chadwick said better facilities would be somewhere already open, such as city facilities.

Councilmember King asked who Mr. Chadwich's backup was. Mr. Chadwich said he had been able to hire a deputy and with the trained volunteers had good backup. City Council thanked Mr. Chadwich for attending and Mayor Alexander said the City would coordinate with the department to set up the NIMS training.

XI. MAYOR'S REPORT

- a. Proposed FY26 Budget**
- b. Proposed FY26 Property Tax Rates**
- c. Proposed Debt Service/City of Castroville Bond Rating**

Mayor Alexander thanked Police Chief Kohler and the department for their help at the St. Louis Day Event and Public Works Director Gomez and the department for fixing the streets in the area. Mayor Alexander spoke briefly on the proposed budget the City Council had been working on, with the first budget hearing being at this meeting. Mayor Alexander reported on the proposed tax rate explaining the tax rate was divided into two parts, one for operations and maintenance and the other portion for debt service associated with capital improvements. Mayor Alexander said the second public hearing was being held at this meeting. Mayor Alexander reported also on the agenda was the proposed issuance of \$7,000,000 in certificates of obligation for new debt to construct a new water well (\$3.5 million) on the eastside of town along with City Council approved general fund projects (\$3.5 million). Mayor Alexander said the water well and other utility system improvements would be re-paid out of the utility fund and emphasized he was not in favor of any new debt and for projects not clearly defined, but he did not vote and it was left up to the City Council to decide.

XII. PUBLIC HEARING

- a. Public Hearing #2 and presentation on the 2025 No-New Revenue, Voter-Approval, and De Minimis Tax Rate Calculations**

Opened: 7:20 p.m.

Finance Director Leroy Vidales recapped the No-New Revenue, Voter-Approval, and De Minimis tax rate calculations for the City Council. Mr. Vidales said the current rate was 0.5233 for the last four years, 0.5982 was voter-approval rate and 0.6289 was the De Minimis rate. Mr. Vidales provided the tax rate numbers with the new debt issuance of \$3.5 million options, reflecting M & O and I & S - to stay the same with 05.233 = M & O 0.3333 and I & S - 0.1900, No New Debt 0.5286 = M & O .4068 and I & S - .1218, and Voters Approval - M & O - .4603 and I & S - 0.6503. Mr. Vidales said the rates were calculated off a resident valued at \$300,405. This was the second public hearing and later in the meeting the City Council would vote on setting a maximum proposed tax rate.

No one requested to speak.

Closed: 7:28 p.m.

b. Public Hearing #1 and Presentation on FY25/26 Budget

Opened: 7:28 p.m.

Finance Director Leroy Vidales briefed the City Council with a presentation on the proposed FY26 Budget. Mr. Vidales provided expenditures for 2025-2026 shown with increase/decrease amounts discussed at previous budget work sessions. Mayor Alexander confirmed the proposed budget was balanced with the current tax rate of 0.5233. Mr. Vidales reviewed with the City Council the five year history for the Enterprise and Airport Funds and said the Enterprise Fund was also balanced. The Airport Fund did show a deficient of just under \$35,000, if the Airport was to pay for police security as suggested by the Mayor. This proposal would be discussed later in the meeting. The proposed budget for FY 26 was \$5,485,025 and was approximately \$ 714,000 up from FY25.

No one requested to speak.

Closed: 7:39 p.m.

Mayor Alexander moved to 13e. to allow the City Financial Advisory to present.

XIII. DISCUSSION AND ACTION ITEMS

e. Consideration and Approval of an Ordinance authorizing the City's Combination Tax and Revenue Certificates of Obligation, Series 2025 in the maximum amount \$7,000,000, for the purposes set forth in the City's Notice of Intention, payable from the proceeds of an Annual Ad Valorem Tax Levied, within the limitations prescribed by Law, upon all taxable property in the City, and a pledge of certain revenues of the City's combined Utility System; and other matters in connection therewith

Andrew Freeman, Samco, briefed the City Council on the timeline up to this meeting on when the Certificates of Obligation's were considered. Mr. Freeman said the City had received eleven bids for funding with BOK Financial Securities, Inc. coming in as the lowest at 3.906622. Mr. Freeman said the last time the City received a high number of bids was 2021 and it went to the City having such a good credit rating (AA+). Councilmember King asked what "reoffering" prices meant. Mr. Freeman said this was a term for banks on the resale of the bonds. Mr. Freeman said the net accrual would be \$6,920,000, accrued interest of \$26,765.00, and a net premium of \$278,740.20 for a total of \$7,225,505.20. Mr. Freeman said the City had the option to refinance in nine years. Mr. Freeman said with the adoption of the Ordinance the City would receive the funds on September 17th.

A motion was made by Councilmember King and duly seconded by Councilmember Martinez to approve/adopt an Ordinance authorizing the City's Combination Tax and Revenue Certificates of Obligation, Series 2025 in the maximum amount \$7,000,000, for the purposes set forth in the City's Notice of Intention, payable from the proceeds of an Annual Ad Valorem Tax Levied, within the limitations prescribed by Law, upon all taxable property in the City, and a pledge of certain revenues of the City's combined Utility System; and other matters in connection therewith. A vote was taken (5:0 all ayes) the motion carried by all present.

Councilmember Merz clarified the bond monies were split \$3.5 million for a water well project and \$3.5 million for potential projects listed out on the published notice. Councilmember Lee felt the City did not need to get behind the ball and wanted to get some projects done now. Mr. Lee felt taxes should be raised. Councilmember King agreed the City had needs that needed to be met. Mayor Alexander reverted back to original order of the agenda.

a. Discussion and possible action on Finance Report - General, Enterprise, Airport Funds and Municipal Court Report for July 2025

Finance Director Leroy Vidales reviewed with the City Council the Finance Report for July. Mayor Alexander said he had asked for this to be placed under discussion and action item out of the staff reports. Mayor Alexander said he would like to see the Financial Reports be done quarterly. Councilmember Lee asked about the overages shown in the Municipal Court and asked if this would be a budget amendment. Mr. Alexander said it would be and by practice there was an ordinance for budget amendments at the end of the fiscal year. Councilmember Lee asked what was in the non-departmental line item. Mr. Vidales said this consisted of copy lease contracts, ADP Payroll contract, and other line items that did not fit in other line item descriptions. Mr. Vidales went through the current proposed budget, including expenditures, revenues, Enterprise and Airport Funds and the Municipal Court Report with the City Council. Councilmember Merz said the report showed the City had collected 80% in revenues and was that on track. Mr. Vidales said at this time it should be at 75% so collections were up. Mr. Vidales provided the Airport revenues vs expenditure report and noted the Municipal Court revenues were up. Councilmember King asked what the percentage of increased revenues was for the court. Mr. Vidales said revenues were up 40 to 45% at this time.

b. Discussion and possible action on the FY26 City Operating Budget including all budget proposals - General Fund, Utility System Enterprise, Airport Enterprise and steps to dissolve the Castroville Economic Development Corporation

Mayor Alexander said he wanted to have an additional budget work session and go line by line in the funds to understand the budget better. Mayor Alexander said he felt the Airport should pay for services as did the other departments and read the ordinance which said the police department would provide airport security and he proposed 5% of the police department's budget would cover the requirement. Mayor Alexander said the City Council might look at in-kind services instead of funds. Councilmember King felt the Airport had to collect revenues to have the matching funds for grants and it would hurt the Airport if that amount was taken out. Mayor Alexander said others in the community felt the Airport should pay it's share. Councilmember Martinez said they should have the baseball association pay. Airport Chairman John Klaerner said he did not see the police patrolling at the airport other than use of the facilities and stopping in during training times with no notice. Mr. Klaerner said the airport was an asset to the city. Councilmember Merz was good with the FAA report and not a good use of time. Councilmember Lee said he was in favor of various city entities paying for services rendered to other departments and funds to reflect the actual cost of doing business but not use percentages of budgets. Mr. Lee said as referred to by Mayor Alexander, in Chapter 18, Aviation, Security, it did state police

protection was to be provided by the City but the ordinance was over 45 years old and was written when the airport was privately operated, had no fencing, or any security measures in place. Mr. Lee said now the City had employees on site, security fencing with gated access, video surveillance, and recordings of all airport activities. Mr. Lee said the police security was not needed now. During the discussion Councilmember Marchman called for the meeting to recess until the following day if the meeting went past 9:00 p.m.

A motion was made by Councilmember Marchman and duly seconded by Councilmember King to recess the meeting until the following day if the meeting went past 9:00 p.m. A vote was taken (2 ayes: 3 nays (Martinez, Merz, Lee) motion failed.

Discussion continued.

Councilmember Lee said the information sent to the FAA on in-kind services was incorrect and wanted it changed. Mr. Lee said the appraisal would likely be more than \$80,000 and the City would have to find the funds to compensate the Airport. Mr. Lee said the airport had not been compensated correctly for the last 15 years and needed to be corrected. Mr. Lee felt this needed to be discussed further after the budget was passed.

A motion was made by Councilmember King and duly seconded by Councilmember Lee to not charge for police security at the Municipal Airport. A vote was taken (5:0 all ayes) the motion carried by all present.

c. Discussion and possible action regarding the 2025 Tax Rates, including a review of the No-New-Revenue, Voter-Approval, and De Minimis Tax Rate calculations

Finance Director Leroy Vidales provided the City Council with the tax rates spoke on during the public Hearing. The No-New Revenue Tax was 0.5286, Voter-Approval Tax Rate was 0.5982, and the De Minimis Rate was 0.6289. Mr. Vidales said this action was to adopt the maximum rate the City Council could go up to, not necessarily the rate that would be adopted.

A motion was made by Councilmember King and duly seconded by Councilmember Merz to approve a proposed tax rate of 0.5982 consisting of Maintenance and Operations of \$0.4763 and Interest and Sinking of \$0.1218. A roll call vote was taken – Martinez – aye, Marchman – aye, King – aye, Merz – aye, Lee – aye. The motion carried by all present.

Councilmember Merz commented that each year the legal statement always confused the citizens and suggested putting out additional language in layman terms for better understanding. Councilmember Lee commented on the city not taking in enough revenue and was spending down reserves to continue doing business. Mr. Lee was in favor of raising taxes to meet expenses for services.

d. Discussion and appropriate action on Adopting Comprehensive Fee Schedule Ordinance

Mayor Alexander said this item was not ready for a decision and wanted the City Council to review and send questions to City Administrator Dixon and Finance Director Vidales with reviews at the upcoming budget work session.

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

This item was skipped to be discussed at the next council meeting.

g. **Discussion and possible action to adjust the FY 2026 Airport Fund and General Fund budgets to allocate Airport Security costs in accordance with City Ordinance Chapter 18, Section 18-73**

This item had been discussed earlier in the meeting with the budget discussion.

h. **Discussion and appropriate action on authorizing a contract for the purchase of 43 acre feet of Edwards Aquifer Water Rights from Uptmore Family Limited Partnership**

Mayor Alexander said he had read the contract and knowing the market he felt it was a good price at \$10,500 per acre foot.

A motion was made by Councilmember King and duly seconded by Councilmember Marchman to approve the contract as presented for the purchase of 43 acre feet of Edwards Aquifer Water Rights from the Uptmore Family Limited Partnership. A vote was taken (5:0 all ayes) the motion carried by all present.

XIV. 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**
- g. Lions Park Splash Pad**
- h. Community Development**
- i. Economic Development**
- j. Airport Operations**
- k. Library**
- l. Code Compliance**
- m. Animal Control**
- n. Police Department**

City Administrator Dixon was absent from the meeting and did not give his report. Mayor Alexander asked if there were questions on the report from the City Council. Councilmember Lee wanted the City Council to consider making the Splash Pad area a shade/pavilion, if the Splash Pad had to be moved. Councilmember King was unsure if the equipment had to be moved, but that was a good alternative use of the space.

XV. DISUSSION ON FUTURE AGENDA ITEMS

Special Called Meeting/Work Session September 3rd, 5 p.m. Mayor Alexander said they would go through all of the funds and go line by line.

Councilmember Merz - ordinance on paper street regulations on uses, traffic calming/safety discussion for second meeting in September.

Councilmember Marchman – discussion on changing membership of Historic Landmark Commission from 7 members full board members to 5 full board members with two alternates and bring in line with other boards the term expiration dates.

XVI. ADJOURN

Mayor Alexander adjourned the meeting at 9:02 p.m.

Bruce Alexander
Mayor

ATTEST:

Debra Howe
City Secretary