



**CITY OF CASTROVILLE CITY COUNCIL
SPECIAL CALLED MEETING
1209 FIORELLA
Tuesday
April 28, 2020
3:00 p.m.**

In accordance with the order of the Office of the Governor issued on March 16, 2020, the City Council of the City of Castroville will conduct a telephone meeting in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19). The public may participate in this meeting by dialing in to with the following telephone number: **1 (866) 899-4679** and **enter access code 989-921-349** when prompted. The public will be permitted to offer public comments telephonically as provided by the agenda and as permitted by the presiding officer during the meeting. Written questions or comments may be submitted up to two hours before the meeting. A recording of the telephonic meeting will be made and will be available to the public in accordance of the Texas Public Information Act upon request.

The City Council of the City of Castroville will meet at the special called meeting at 3:00 p.m. in the Council Chambers at City Hall on the following items listed on the agenda.

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Invocation
- V. Citizen Comments
The public will be permitted to offer public comments telephonically as provided by the agenda and as permitted by the presiding officer during the meeting. Written questions or comments may be submitted up to two hours before the meeting. A recording of the telephonic meeting will be made and will be available to the public in accordance of the Texas Public Information Act upon request.
- VI. Consent Agenda
 - A. Minutes for March 24, 2020 Regular Called Council Meeting.
 - B. Minutes for April 20, 2020 Special Called Emergency Council Meeting.
- VII. FY19 Annual Audit presentation and acceptance. (*Kim Roach, Armstrong, Vaughan & Associates, P.C.*)
- VIII. Consider and take appropriate action on an Ordinance amending Ordinance 2020-007 and extending the declaration of local disaster: establishing rules and regulations for the duration of the disaster; restricting certain activities: establishing penalties for violations.

- IX. Consider and take appropriate action on an Ordinance of the City Council of the City of Castroville, Texas authorizing the execution of an escrow agreement and utility service agreement relating to Alsatian Oaks Development and other matters connected therewith.
(Clay Binford, Special Counsel, McCall Parkhurst & Horton)
- X. Discussion and possible action on a request from owner Joseph Winkler, of Hillside Boutique Hotel to waiver 1ST Quarter Hotel Occupancy Tax due to the city on April 20, 2020. *(Phyllis Santleben, Mayor)*
- XI. Discussion and take appropriate action on pending Alsace Avenue Project. *(Devin Fredrickson, Parks and Recreation Director, Streets)*
- XII. Discussion and take appropriate action on Quarterly Financial Report ending March 31, 2020. *(Leroy Vidales, Interim City administrator/Finance Director)*
- XIII. Discussion and take appropriate action on Quarterly Investment Report ending March 31, 2020.
(Leroy Vidales, Interim City administrator/Finance Director)
- XIV. Discussion and take appropriate action to approve the COVID-19 Mitigation Instructions for Castroville with an effective date. *(Herb Dyer, Mayor Pro Tem)*
- XV. Discussion and appropriate action on a Resolution reinforcing City Policy on the Mayor's interaction with City Employees. *(Herb Dyer, Mayor Pro Tem)*
- XVI. Discussion on future agenda items.
- XVII. Adjourn.

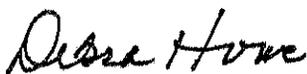
ACCESSIBILITY STATEMENT

The City Hall is wheelchair accessible. The exit and parking ramps are located at the rear of the building.

NON-DISCRIMINATION STATEMENT

The City of Castroville does not discriminate on the basis of race, color, national origin, sex, religion, or disability in the employment or the provision of services.

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, Castroville, Texas on April 24, 2020 before 5:00 p.m.



Debra Howe
City Secretary

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

**1209 Fiorella
City Council Chambers
March 24, 2020**

**Tuesday
3:00 P.M.
MINUTES**

In accordance with the order of the Office of the Governor issued on March 16, 2020, the City Council of the City of Castroville conducted a telephone meeting in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19). The public was able to participate in this meeting by dialing in to with the following telephone number: **1 (571) 317-3122** and **enter access code 716-377-861** when prompted. The public was permitted to offer public comments telephonically as provided by the agenda and as permitted by the presiding officer during the meeting. Written questions or comments were submitted up to two hours before the meeting. A recording of the telephonic meeting will be made and will be available to the public in accordance of the Texas Public Information Act upon request.

I. CALL TO ORDER

The meeting was called to order at 3:08 p.m. by Mayor Phyllis Santleben.

II. ROLL CALL

Present:

Mayor Phyllis Santleben

Debra Howe, City Secretary

Mayor Pro Tem Herb Dyer

Brian Jackson, Police Chief

Councilmember Jesse Byars

John Gomez, Public Works Director

Councilmember Paul Carey

David Kirkpatrick, Airport Manager

Councilmember Todd Tschirhart

Others in attendance via telephone:

Councilmember Sheena Martinez

Leroy Vidales, Interim City Administrator/Finance Director

Habib Erkan, City Attorney, Denton, Navaro, Rocha, Benal and Zech

III. PLEDGE OF ALLEGIANCE

IV. INVOCATION

Councilmember Paul Carey gave the invocation.

V. 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. Unauthorized remarks from the audience, stamping of feet, whistles, yells and similar demonstrations/distractions will not be permitted. No placards, banners or signs will be permitted in the Chambers or in any

No one telephoned in requesting to speak.

Airport Liaison Councilmember Jesse Byars read comments submitted by email from Robert Lee on the consideration of having legal counsel contracted to provide an airport analysis. Mr. Lee felt the city staff had the information available and could provide. Mr. Lee said the development of airport property was a specialized field and the Airport Advisory Board had recommended a professional study be completed to prepare for future development and the airport manager had been working with TxDOT Aviation on a cost for council to consider. Mr. Lee felt the cost would need to be addressed in the airport budget and with possible grants. He recommended council have staff bring back information on the airport property and if council felt there was areas not clear to address those at that time.

Councilmember Byars read comments from the Airport Advisory Board Chairman Mike Arnold request for the attorneys to review the recommendation from the Advisory Board to the city council and the ongoing work with TxDOT, FAA and others related to aviation.

Councilmember Byars read comments made to Airport Manager David Kirkpatrick by Sammy Tschirhart Jr. on behalf of his father, Sammy Tschirhart Sr. Mr. Tschirhart was mayor from 1969 to 1974 and a councilmember from 1959-1969 and 1982-1987 and was involved with the airport and the drilling and funding of the water well. Mr. Tschirhart said his father had the information on the transactions if the city did not and would provide.

VI. CONSENT AGENDA

A. Minutes for March 10, 2020 Regular Called Council Meeting.

A motion was made by Councilmember Carey and duly seconded by Councilmember Tschirhart to approve the consent agenda. A vote was taken (5:0 all ayes) the motion carried by all present.

VII. Consider and take appropriate action on an Ordinance extending the declaration of local disaster: establishing rules and regulations for the duration of the disaster; restricting certain activities; establishing penalties for violations.

Mayor Santleben briefed the city council on her signing the original declaration of public health emergency that was in effect for seven days until the city council could meet and approve an ordinance. Councilmembers discussed the current listings of closures in the declaration and possible changes. Councilmembers agreed the declaration should continue for 30 days, stating until April 30th.

A motion was made by Councilmember Byars and duly seconded by Councilmember Carey to adopt an Ordinance extending the declaration of local disaster until the end of April (April 30): establishing rules and regulations for the duration of the disaster; restricting certain activities; establishing penalties for violations.

Interim City Administrator Leroy Vidales asked for further discussion on the possibility of waiving late fees and cut-offs for utilities. Mayor Santleben felt the city needed to enforce the late fees to help with loss revenue due to the COVID – 19 virus. Mayor Pro Tem Dyer felt it should be brought back to council at a later meeting, with the amount of forgiveness the city would be looking at. He said this could be include in his guidelines/policy he was working on. City Secretary Debra Howe said the utility clerk had called the cities in the area and they were waiving both late fees and cut-offs and at this time

the city generally had 250 accounts with late fees but at this time there were 800. Council decided to only waive cut-off date and would revisit at the April 28th meeting.

A motion was made by Councilmember Carey and duly seconded by Councilmember Tschirhart to amend the first motion to include waiver of cut-offs for 30 days. A vote was taken (5:0 all ayes) the motion carried by all.

A vote was taken on the first motion to adopt the ordinance extending the declaration of local disaster (5:0 all ayes) the motion carried by all present.

VIII. Consider and take action on a contract with Fuquay, Inc. and budget amendment request the in the amount not to exceed of \$126,562.00 for the televising (CCTV) and cleaning of the gravity line as part of the RAM II Project. (John Gomez, Public Works Director)

Public Works Director John Gomez briefed the city council on approving a contract with Fuquay, Inc. and a budget amendment to fund the expenditure. Mr. Gomez said this was for televising and cleaning the gravity sewer line as part of the Ram II Project and to provide future service to the Alsatian Oaks Development. Mr. Gomez said \$126,562.00 would be the most it could cost and was itemized in the backup material. Councilmembers were all in agreement to be able to move forward with providing services to the new development. Mayor Santleben asked Mr. Gomez if the contract would be brought to council if any additional expenses. Mr. Gomez said it would if it exceeded the amount the council approved.

A motion was made by Councilmember Carey and duly seconded by Mayor Pro Tem Dyer to approve a contract with Fuquay, Inc. and budget amendment request in the amount not to exceed \$126,562.00 for the televising (CCTV) and cleaning of the gravity line as part of the RAM II Project. A vote was taken (5:0 all ayes) the motion carried by all present.

IX. Consider and take appropriate action on a Resolution of the City Council of Castroville, Texas establishing general and specific paraments for consideration of future development agreements for the City of Castroville. (Clay Binford, Special Counsel, McCall Parkhurst & Horton)

Special Counsel Clay Binford briefed the city council on a new agreement for his services. Mr. Binford said he had recently changed firms and needed to have a new resolution to continue his services. Mayor Pro Tem Dyer was pleased with the arrangement and as part of the agreement the developers would continue to pay for his services, not the city. Councilmember Tschirhart was in favor of this arrangement. Councilmember Byars was concerned with the agreement. He felt the city should pay for his services he provided on behalf of the city. He felt in business a person worked more for the company who paid them. Mr. Binford said he could change the agreement and have the developer pay the city directly and the city council reimburse on staff time if that made him more comfortable. Councilmember Carey was in favor and wanted the guidelines to be laid out for the new council members. Councilmember Martinez was good with the agreement.

A motion was made by Councilmember Carey and duly seconded by Mayor Pro Tem Dyer to adopt a Resolution of the City Council of Castroville, Texas establishing general and specific paraments for consideration of future development agreements for the City of Castroville with Clay Binford, Special Counsel, McCall Parkhurst & Horton. A vote was taken (5:0 all ayes) the motion carried by all present.

X. Consider and take appropriate action on a Resolution of the City Council of Castroville, Texas authorizing the development of a comprehensive airport analysis for the City of Castroville, Texas. (Phyllis Santleben, Mayor)

Mayor Santleben briefed the city council on this item. Mayor Santleben said she had a concern with the airport well not being considered for future developments during the evaluations. Mayor Santleben said she in her research of the airport that it was not shown when the water became a commodity. She wanted a legal opinion on who owned the property, water and mineral rights. Mayor Santleben said in her research she saw that public works paid for water testing, the Parks Department paid the Airport for the ball fields, and she was unsure of how the purchase of the Bendele property was paid for. She felt the staff had not provided answers to her questions and Clay Binford and City Attorney Habib Erkan had offered to provide a legal opinion. She felt the citizens did not know what they were paying for. Mayor Pro Tem Dyer said for the last 20 years there had been questions and he felt this would be useful to have a legal opinion to answer all the questions raised and this would benefit future developments. Councilmember Tschirhart wanted to give the Airport Manager and Airport Advisor Board a chance to provide the information. Mr. Binford said if approved, he would be working with both and any questions from council could be passed through the City Secretary. The question of cost was discussed with the possibility of \$10,000 being incurred. Mayor Santleben said she could not find documentation on the O &M on the well, lease agreement and water costs and they could help answer these questions. Councilmember Byars asked who would be responsible for paying the cost for this request, the city or the airport. He was not in favor of this agreement. Mayor Santleben felt the citizens were already paying and she saw \$31,000 in the budget being paid to the airport. Councilmember Carey wanted to let Airport Manager David Kirkpatrick do the research and asked him if he could. Mr. Kirkpatrick said he had already reviewed the federal land deed and said the FAA could come in and do an audit and provide the answers to the city council. Mr. Carey wanted to give Mr. Kirkpatrick a chance to do this. Councilmember Martinez was in agreement with Councilmember Tschirhart in tasking the Airport Manager and Airport Advisory Board to work together and provide a presentation on their research. Mayor Santleben asked what that would do. Ms. Martinez said it would show the relationship. Mayor Pro Tem Dyer felt they needed to get the facts to reach a conclusion and find the money in the budget to move forward with the research. Mayor Santleben asked where the funds would be taken from. (Interim City Administrator Vidales lost connection in answering) City Secretary Debra Howe said the city council had a special projects line item in the budget and it could be taken from there. Councilmember Tschirhart felt they were short-changing the staff and wanted them to do this. **A motion was made by Mayor Pro Tem Dyer to adopt a Resolution of the City Council of Castroville, Texas authorizing the development of a comprehensive airport analysis for the City of Castroville, Texas not to exceed \$12,000 with a report on findings to be provided to the city council. The motion died from a lack of a second.**

A motion was made by Councilmember Carey and duly seconded by Councilmember Tschirhart to task staff to bring back a report on the land and water with the history of the Airport to the city council within 30 days. A vote was taken (5:0 all ayes) the motion carried by all present.

Mayor Santleben stated she had paid for documents from the county deeds and records on the airport but did not feel comfortable on releasing them or talking about them at a public meeting as she felt they did not show the city in a favorable light. She wanted to put an item on a future agenda to discuss in executive session. City Attorney Erkan explained the records were a public document. Airport Manager Kirkpatrick said he would go to the county for copies of the records to help with the research.

XI. Report and appropriate action on completion of Phase I of the Alsatian Oaks Development Agreement. (Russell, Persyn, Engineer, RESPEC)

RESPEC Engineer Russell Persyn briefed the city council on the completion of Phase I of the Alsatian Oaks Development Agreement. Mr. Persyn said the six-month deadline for submitting improvements to support the development had been met early. Mr. Persyn gave his executive summary on constructing a 16-inch water main extension connecting to the existing Medina Valley Water Supply Corporation system (WSC). Mr. Persyn said the system would be owned by the city and will be located on the south side of Hwy 90 to the existing 10-inch water main near water main at Tondre Park on the north side of Hwy 90. This construction would include a 30 inch bore and casing under Hwy 90. Upgrades to the existing facilities at the Medina Valley WSC included a 300,000 gallon ground storage water tank; upgrades to the existing well, pressure tank, and service pumps at the WSC site to full capacity. Upgrades to yard piping inside of the fence at the Medina Valley WSC to support new equipment; and upgrade electrical service at the existing three-phase power. Construct a 21-inch wastewater main extension of approximately 1,500 feet from the manhole on the north side of Hwy 90 across from Dodge dealership to the southeast corner of the Alsatian Oaks development. Mr. Persyn said the bore originally would have been at victory lane intersection but now they would be able to use the TxDOT right-of-way. Mr. Persyn said this was better, but the downfall was if TxDOT decided in the future they wanted the utilities to be moved the city would have to do this. Mr. Persyn said a 21-inch wastewater gravity main would be tied into the 24-inch at the lift station. He said he thought they could go under flat creek and have enough gravity flow. Mr. Persyn said if that worked out the city may not have to build a new lift station. He was leaving it in the footprint in case the city did have to build in the future. Mr. Persyn said Clay Binford and city staff were working on setting up escrow accounts for funds. After a meeting between city staff, representatives for Will Collins, Clay Binford, Peerless and himself they were moving forward with Peerless pulling the pumps and testing of the Medina Valley Water System and the well at the Walmart location to determine their capacity. Mr. Persyn said testing had been scheduled for spring break so as not to disrupt the school but was not an issue now, as they would be using tanker trucks connected to fire hydrant at the Chevrolet Dealership, using the ditches down Hwy 90 for the flow to flat creek. He had notified TxDOT for a permit to proceed, working with Texas Water Development Board with staff to have funds release to use for water design. Power would be provided by CPS and the developer would be working with them directly. Mr. Persyn said he was at a point where they were finished, and the next step would be design. Mr. Persyn said if the well was not capable of producing the maximum amount, the developer would pay for the improvements. Once the Escrow/ Utility agreements were signed and the Texas Water Development Board approved the water system project the next step would be to start design. Mayor Santleben asked about securing right-of-way/easements ahead of time. Mr. Persyn said all was on TxDOT right-of-way so no private right-of-ways were necessary. Councilmember Byars asked if or when Hwy 90 was going to be changed. Councilmember Carey said there was no plans to widen the highway.

(Cont)

Councilmember Tschirhart asked about plans for a water tower. Mr. Persyn said that was a possibility in the future. Mr. Persyn said the Airport Well would be needed at some point to meet future demands. Mayor Pro Tem Dyer complemented Russell Persyn and Darrell Spillman and city staff on their hard work on the first phase. Mr. Persyn said the first improvement could be the well upgrade and that could be a revision. Clay Binford said he had sent over the draft to Will Collins on the utility policy for review. The question was asked when it would be known if the pump size would suffice. Mr. Persyn said Peerless needed a two-week notice and results within 30 days.

A motion was made by Councilmember Byars and duly seconded by Mayor Pro Tem Dyer to accept as presented the completion of Phase I of the Alsatian Oaks Development Agreement. A vote was taken (5:0 all ayes) the motion carried by all present.

XX. Discussion on future agenda items

There were no agenda items submitted.

XXI. ADJOURN

Mayor Santleben adjourned the meeting at 5:49 p.m.

Mayor

ATTEST:

City Secretary

**CITY OF CASTROVILLE CITY COUNCIL
SPECIAL CALLED EMERGENCY COUNCIL MEETING
1209 Fiorella
City Council Chambers
April 20, 2020
Monday
3:00 p.m.
MINUTES**

I. CALL TO ORDER

The meeting was called to order at 3:00 p.m. by Mayor Santleben via telephone.

II. ROLL CALL

Present:

Councilmember Paul Carey

Councilmember Jesse Byars

Councilmember Todd Tschirhart

Leroy Vidales, Interim City Administrator/Finance Director

Debra Howe, City Secretary

Brian Jackson, Police Chief

Devin Fredrickson, Parks and Recreation Director

Others in attendance via telephone:

Mayor Phyllis Santleben

Councilmember Sheena Martinez

Mayor Pro Tem Herb Dyer

III. Pledge of Allegiance

IV. Invocation

Councilmember Paul Carey gave the invocation.

V. Citizen Comments

The public will be permitted to offer public comments telephonically as provided by the agenda and as permitted by the presiding officer during the meeting. Written questions or comments may be submitted up to two hours before the meeting. A recording of the telephonic meeting will be made and will be available to the public in accordance of the Texas Public Information Act upon request.

No one called in to speak.

VI. Discussion and appropriate action on an Ordinance of the City Council of the City of Castroville amending Ordinance 2020-007 extending a declaration of local disaster; establishing rules and regulations for the duration of the disaster; restricting certain activities; establishing penalties for violations. (Mayor Phyllis Santleben)

Mayor Santleben briefed the city council on this change to the declaration. Mayor Santleben felt for better protection against the COVID-19 virus the public and businesses that were open needed to wear mask when unable to meet the social distancing of six feet apart. Mayor Santleben said there were provisions for members of the community that for health reasons could not wear face coverings.

(Cont.)

Mayor Santleben had City Secretary Debra Howe read the caption of the ordinance and Exhibit B for the record. Councilmembers Martinez, Dyer and Carey all supported with no questions. Councilmember Byars asked who would be responsible for training the businesses/employees as stated in the exhibit. Police Chief Jackson stated he had handouts he would deliver on the proper ways to place and wear the facemasks and coverings. Chief Jackson said this would meet the required training. Councilmember Tschirhart asked about the ability of enforcement of the declaration. Chief Jackson said most of the citizens were already practicing the safety measures and there should not be an issue of enforcement. Councilmembers Byars and Tschirhart were satisfied with the ordinance and exhibit B.

A motion was made by Councilmember Carey and duly seconded by Councilmember Byars to adopt an Ordinance of the City Council of the City of Castroville amending Ordinance 2020-007 extending a declaration of local disaster; establishing rules and regulations for the duration of the disaster; restricting certain activities; establishing penalties for violations. A vote was taken (5:0 all ayes) the motion carried by all present.

VII. Adjourn

Mayor Santleben adjourned the meeting at 3:25 p.m.

Mayor

ATTEST:

City Secretary



CITY COUNCIL AGENDA REPORT

DATE: April 21, 2020

AGENDA OF: April 28, 2020
DEPARTMENT: Finance
SUBJECT: FY 2019 Annual Audit Presentation

RECOMMENDATION:

Staff recommends the acceptance of the Fiscal Year 2019 audited Financial Statements.

BACKGROUND:

Section 103.001(a) of the Texas Local Government Code requires the City to have its records and accounts audited annually by an independent certified accountant and that an annual financial statement be prepared after the end of the fiscal year.

Single Audit, previously known as the OMB Circular A-133 audit, is required when a non-federal entity expends \$750,000 or more in federal funds in one year. It is intended to provide assurance to the Federal Government that a non-federal entity has adequate internal controls in place, and is in compliance with program requirements. For Fiscal year 2019, no single audit was conducted since we did not meet the threshold.

An objective independent examination of the financial statements of the City increases the value and credibility of the financial statements which in turn increases user confidence in the financial statement.

DISCUSSION:

Armstrong, Vaughan & Associates, P.C. has completed the FY 2019 audit in accordance with government auditing standards. Kim Roach, CPA will report on the financial statement audit.

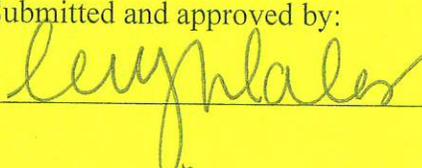
FISCAL IMPACT/SOURCE OF FUNDING:

The audit of the City's financial statements is an annually budgeted item. Fiscal impact is measured by implementing audit recommendations.

ATTACHMENTS/ADDITIONAL INFORMATION:

Audited Financial Statements

Submitted and approved by:

 4/21/20
Interim City Administrator/Finance Director



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

Deborah F. Fraser

Phil S. Vaughan

Nancy L. Vaughan

Kimberly J. Roach

Communication with Those Charged with Governance

To the Council
City of Castroville

We have audited the basic financial statements of the City of Castroville, as of and for the year ended September 30, 2019, and have issued our report thereon dated April 8, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 31, 2019, our responsibility, as described by professional standards, is to plan and perform our audit to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Castroville solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethical Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Castroville is included in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019, except for the adoption of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB 88 requires a government disclose in the notes summarized information about unused lines of credit, assets pledged as collateral, and terms specified in debt agreements with finance-related consequences, among other disclosures requirements. *Note G – Long-term Debt* complies with this new standard.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Allowance for uncollectible ad valorem tax and utility accounts receivable
- Estimated useful lives of capital assets
- Net Pension and Total OPEB Liabilities and the assumptions for mortality rates and investment returns

Management's estimate of the allowance for uncollectible accounts is based on history and age of outstanding accounts. Management's estimate of useful lives of capital assets is based on published industry guidance and professional judgment. The estimates related to the Net Pension and Total OPEB Liabilities are based on the actuarial study performed by Texas Municipal Retirement System with no input from the City's management. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive financial statement disclosures include revenue recognition, commitments and contingencies, and employees' retirement system.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The following transactions summarizes the uncorrected audit differences of the financial statements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole:

1. Overstated Miscellaneous Revenue in the Utility Fund by \$80,469 to reflect corrections in bank clearing account activity; and
2. Overstated Utility billings by \$50,731 due to timing of billing cycles for various books of customers.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of audit procedures. We assisted management in performing end of year accruals that resulted in the following significant adjustments:

1. Reclassification of additions to capital assets in the Utility and Airport Fund, including recording current year depreciation.
2. Reclassification of principal payments made in the Utility and Airport Fund.
3. Record additional payables at year-end including retainage on projects in progress.

The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

1. Corrections were made to the amounts shown as bank clearing accounts and interfund balances in various funds by reviewing bank reconciliations and general ledger activity.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated April 8, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Public Funds Investment Act

The Public Funds Investment Act, (the "Act") requires that we include, as part of our audit, procedures to determine if the City of Castroville had complied with the provisions of the Act. We found the City had complied, in all material respects, with the provisions of the Act.

Other Significant Findings or Issues

In planning and performing our audit of the financial statements we became aware of the following opportunity to strengthen the City's internal controls with the following suggestion:

Reconciliations of selected accounts

There was a significant adjustment necessary to correct bank clearing accounts and interfund balances between funds. These accounts had been adjusted by the City as part of the bank reconciliation process. The proposed audit adjustment resulted in a misstatement of overstating miscellaneous revenues in the Enterprise Fund by \$80 thousand as noted above.

We recommend that the City continue to improve procedures over monthly and year end closing processes including reconciling interfund balances, bank clearing activity, and other accruals recorded in order to present more accurate financial statements on a timely basis.

Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Council and management of the City of Castroville and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



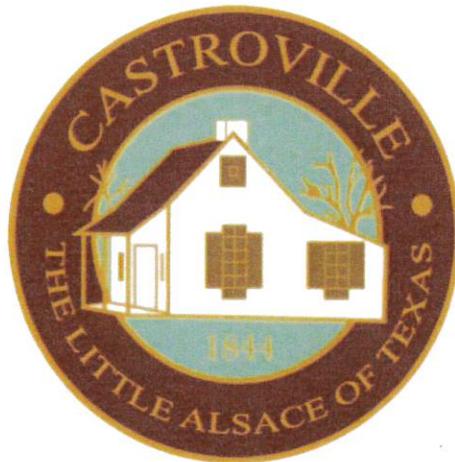
Armstrong, Vaughan & Associates, PC

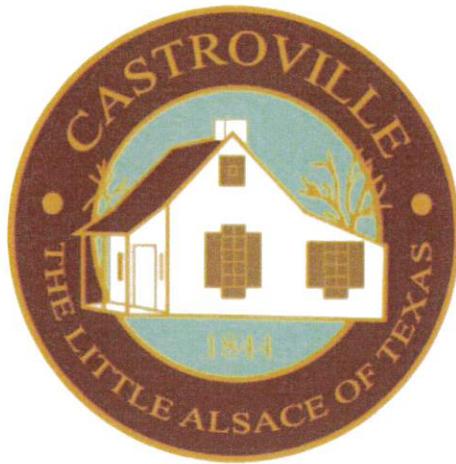
April 8, 2020

CITY OF CASTROVILLE, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2019**





CITY OF CASTROVILLE
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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CITY OF CASTROVILLE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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CITY OF CASTROVILLE

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

PHYLLIS SANTLEBEN

MAYOR PRO-TEM

HERB DYER

CITY COUNCIL

TODD TSCHIRHART

JESSE BYARS

PAUL CAREY

SHEENA MARTINEZ

INTERIM CITY ADMINISTRATOR

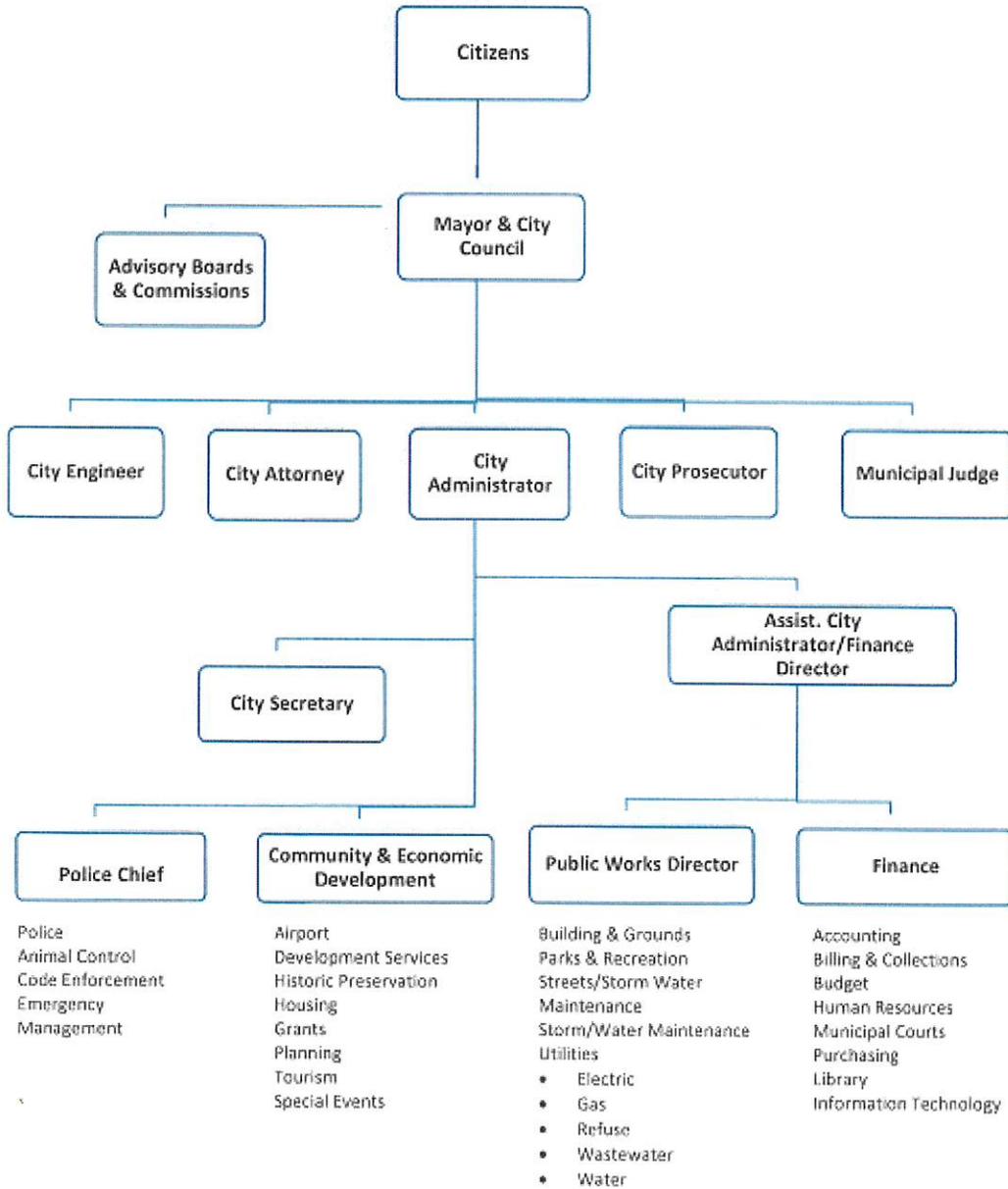
LEROY VIDALES

ATTORNEY

DENTON, NAVARRO, ROCHA, BERNAL & ZECH

CITY OF CASTROVILLE
ORGANIZATIONAL CHART

Organization of the City of Castroville





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

Deborah F. Fraser Phil S. Vaughan Nancy L. Vaughan Kimberly J. Roach

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Castroville

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Castroville, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Castroville's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Castroville, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and schedule of changes – net pension liability and related ratios as well as Total OPEB liability and related ratios as identified in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Castroville's financial statements as a whole. The supplementary information (comparative statements and combining statements) are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

April 8, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Castroville's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

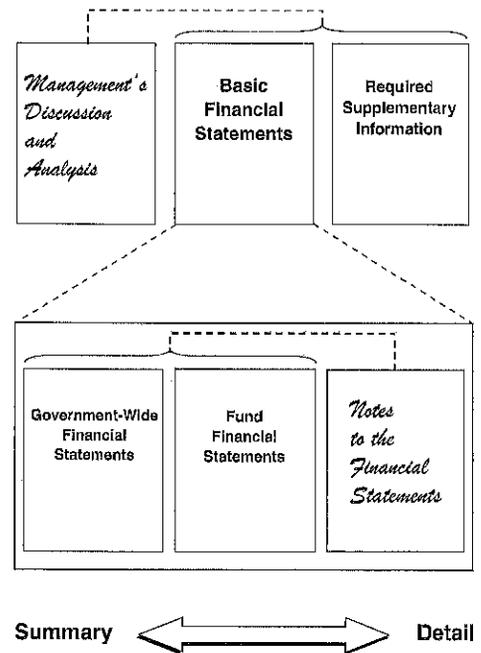
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$23.5 million (total net position) at September 30, 2019. Of this amount, \$6.8 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position increased by \$2.3 million.
- As of September 30, 2019, the City's governmental funds reported a combined ending fund balance of \$2.9 million, an increase of \$736 thousand from the prior year.
- The City did not obtain any additional debt during the year ended September 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1, Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary	Activities the City operates similar to private businesses: water and sewer
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances.

The statement of net position presents information on all of the City's assets, deferred outflows, deferred inflows, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, public safety, public works and park maintenance. The business-type activities of the City include a Utility fund and an Airport fund.

The government-wide financial statements can be found on pages 13-16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental and proprietary.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison schedule has been provided as supplementary information to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found beginning on page 17 of this report.

Proprietary funds: The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Utility and Airport activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility fund, the Airport fund and the Utility Capital Projects fund, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found beginning on page 22 of this report.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 27 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's adopted budget and the City's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information related to the budget and pension benefits can be found beginning on page 54 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds can be found beginning on pages 63 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$23.5 million at the close of fiscal year 2019.

By far the largest portion of the City's net position (65%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table provides a summary of the City's net assets at September 30, 2019 (See Table A-1).

Table A-1
City's Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2019 - 2018
	2019	2018	2019	2018	2019	2018	
<i>Assets:</i>							
Current and Other Assets	\$ 3,073,690	\$ 2,452,117	\$ 6,553,937	\$ 5,826,218	\$ 9,627,627	\$ 8,278,335	16.3
Restricted Assets	-	-	3,506,656	3,927,522	3,506,656	3,927,522	(10.7)
Capital Assets (net)	1,836,561	1,794,612	26,843,294	27,050,118	28,679,855	28,844,730	(0.6)
<i>Total Assets</i>	<u>4,910,251</u>	<u>4,246,729</u>	<u>36,903,887</u>	<u>36,803,858</u>	<u>41,814,138</u>	<u>41,050,587</u>	1.9
<i>Deferred Outflows of Resources</i>	<u>289,413</u>	<u>117,572</u>	<u>138,624</u>	<u>55,580</u>	<u>428,037</u>	<u>173,152</u>	147.2
<i>Liabilities:</i>							
Current Liabilities	145,089	255,180	1,046,141	1,462,562	1,191,230	1,717,742	(30.7)
Long-Term Liabilities	1,370,020	1,209,008	16,119,587	16,862,599	17,489,607	18,071,607	(3.2)
<i>Total Liabilities</i>	<u>1,515,109</u>	<u>1,464,188</u>	<u>17,165,728</u>	<u>18,325,161</u>	<u>18,680,837</u>	<u>19,789,349</u>	(5.6)
<i>Deferred Inflows of Resources</i>	<u>25,870</u>	<u>129,474</u>	<u>20,818</u>	<u>70,396</u>	<u>46,688</u>	<u>199,870</u>	(76.6)
<i>Net Position:</i>							
Net Investment in							
Capital Assets	1,095,885	894,726	14,190,937	14,295,879	15,286,822	15,190,605	0.6
Restricted	205,508	127,354	1,173,846	1,046,363	1,379,354	1,173,717	17.5
Unrestricted	2,357,292	1,748,559	4,491,182	3,121,639	6,848,474	4,870,198	40.6
<i>Total Net Position</i>	<u>\$ 3,658,685</u>	<u>\$ 2,770,639</u>	<u>\$ 19,855,965</u>	<u>\$ 18,463,881</u>	<u>\$ 23,514,650</u>	<u>\$ 21,234,520</u>	10.7

An additional portion of the City's net position \$1.4 million (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$6.8 million (29%) may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position: The City's net position increased \$2.3 million. (See Table A-2.)

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2019	2018	2019	2018	2019	2018	2019 - 2018
<i>Program Revenues:</i>							
Charges for Services	\$ 732,834	\$ 679,232	\$ 7,518,162	\$ 7,394,464	\$ 8,250,996	\$ 8,073,696	2.2
Operating Grants and Contributions	4,756	21,936	46,595	32,139	51,351	54,075	(5.0)
Capital Grants and Contributions	-	-	-	270,629	-	270,629	(100.0)
<i>General Revenues:</i>							
Taxes	2,319,995	2,081,074	-	-	2,319,995	2,081,074	11.5
Interest Earnings	23,060	6,740	88,192	47,546	111,252	54,286	104.9
Miscellaneous	50,621	42,512	70,812	-	121,433	42,512	185.6
TOTAL REVENUES	3,131,266	2,831,494	7,723,761	7,744,778	10,855,027	10,576,272	2.6
<i>Program Expenditures:</i>							
General Administration	935,816	1,062,885	-	-	935,816	1,062,885	(12.0)
Public Safety	1,145,685	1,081,807	-	-	1,145,685	1,081,807	5.9
Public Transportation	387,343	846,300	-	-	387,343	846,300	(54.2)
Culture and Recreation	628,960	471,843	-	-	628,960	471,843	33.3
Interest in Debt	22,370	30,679	-	-	22,370	30,679	(27.1)
Utility	-	-	4,846,887	5,215,884	4,846,887	5,215,884	(7.1)
Airport	-	-	607,836	575,492	607,836	575,492	5.6
TOTAL EXPENSES	3,120,174	3,493,514	5,454,723	5,791,376	8,574,897	9,284,890	(7.6)
Transfers	876,954	878,566	(876,954)	(878,566)	-	-	0.0
Increase (Decrease) in Net Position after Transfers	\$ 888,046	\$ 216,546	\$ 1,392,084	\$ 1,074,836	\$ 2,280,130	\$ 1,291,382	76.6

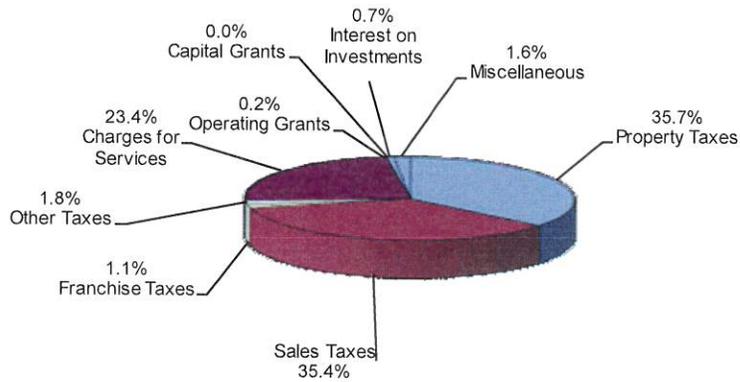
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for fiscal year 2019.

Governmental Activities

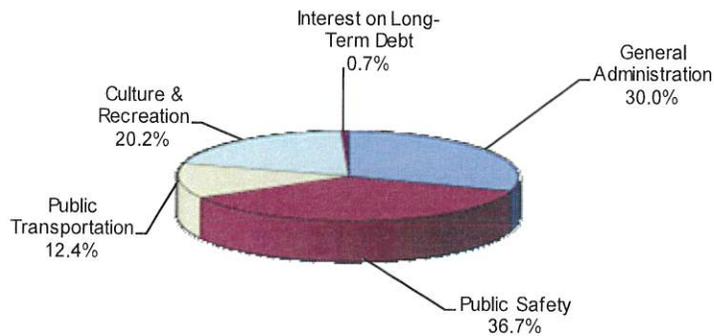
- Ad Valorem taxes increased \$169 thousand from the previous year.
- Sales tax increased \$60 thousand over the previous year.
- Franchise and other taxes increased \$10 thousand over the previous year.

Governmental activities showed an increase of \$11 thousand before transfers from business-type activities. The business-type activities transferred \$877 thousand to governmental activities resulting in an increase in net position of \$888 thousand.

2019 Governmental Revenues



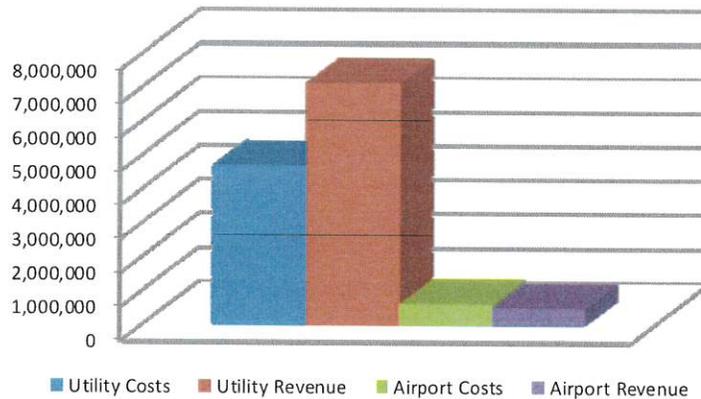
2019 Governmental Function Expenses



Business-Type Activities

Business-type activities increased the City’s net position by \$1.4 million after transfers to governmental activities of \$877 thousand. This increase is partially attributed to the increased charges for services for utilities as well as reduction in expenses for the utility fund.

Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2.9 million. Of this total amount, \$6 thousand is considered nonspendable, \$208 thousand is restricted by constraints imposed by external providers such as grantors and enabling legislation, \$291 thousand is committed and reported in special revenue and capital improvement funds, and \$2.4 million is unassigned in the governmental funds. The unassigned fund balance is the amount available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2.4 million. The City's general fund balance showed an increase of \$643 thousand during the year. This is attributed to increases in ad valorem tax, sales tax, licenses and permits, and charges for services as well as an overall reduction in expenditures from the previous year.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Utility Fund at the end of the year amounted to \$4.1 million. The increase in net position was \$1.5 million. This increase is attributable to an increase in utility rates and reduction in expenses. Unrestricted net position of the Airport Fund at the end of the year amounted to \$385 thousand. The decrease in net position was \$68 thousand. This decrease is attributable to depreciation on capital assets. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were no budget amendments that increased approved expenditures from the original budget to the final budget. The general fund revenues were over budget by \$174 thousand as a result of increased ad valorem and sales tax revenue. The general fund expenditures were under budget by \$735 thousand as a result of cost containment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2019, the City had invested \$28.7 million in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles, and infrastructure (See Table A-3.). This amount represents a net decrease (including additions and deductions) of \$165 thousand over last year. The decrease is due to current year depreciation. More detailed information about the City's capital assets is presented in the notes to the financial statements.

Table A-3
City's Capital Assets
(in thousands dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2019	2018	2019	2018	2019	2018	Change
Land	\$ 105	\$ 105	\$ 2,297	\$ 2,297	\$ 2,402	\$ 2,402	0.0
Construction in Progress	-	-	13,032	12,810	13,032	12,810	1.7
Water Rights	-	-	176	176	176	176	0.0
Buildings and Improvements	601	589	6,509	6,497	7,110	7,086	0.3
Vehicles and Equipment	1,108	953	1,796	1,779	2,904	2,732	6.3
Infrastructure	1,814	1,814	11,830	11,830	13,644	13,644	0.0
Totals at Historical Cost	3,628	3,461	35,640	35,389	39,268	38,850	1.1
Total Accumulated Depreciation	(1,791)	(1,667)	(8,797)	(8,339)	(10,588)	(10,006)	5.8
Net Capital Assets	\$ 1,837	\$ 1,794	\$ 26,843	\$ 27,050	\$ 28,680	\$ 28,844	(0.6)

Long Term Debt

At year-end the City had \$16.5 million in bonds and notes outstanding as shown in Table A-4. More detailed information about the City's debt is presented in the notes to the financial statements. The City's S&P rating was upgraded to AA Stable.

Table A-4
City's Long-Term Debt
(in thousands dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2019	2018	2019	2018	2019	2018	Change
Bonds Payable	\$ 725	\$ 882	\$ 175	\$ 213	\$ 900	\$ 1,095	(17.8)
Notes Payable	-	-	568	720	568	720	(21.1)
Capital Lease Payable	-	-	36	52	36	52	(30.8)
TWDB Bonds Payable	-	-	15,020	15,725	15,020	15,725	(4.5)
Total Long-Term Debt	\$ 725	\$ 882	\$ 15,799	\$ 16,710	\$ 16,524	\$ 17,592	(6.1)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- On September 24, 2019, the City Council of the City of Castroville passed ordinance no. 2019-014 – an ordinance of the City of Castroville, Texas establishing an economic development program authorizing the City to enter into a development agreement with HWY 90 Castroville Partners, LTD.
- The General Fund budgeted revenues and other financing sources of transfers in of \$3,799,432 for FY 2020 which is an increase of 7.2% of FY 2019 budgeted revenues and other financing sources. The General Fund budgeted expenditures and other financing uses of transfers out of \$3,799,432 for FY 2020 which is a slight decrease from FY 2019 budgeted expenditures and other financing uses.
- Total ad valorem rates dropped from 0.508853 per \$100 valuation in FY 2019 to 0.507771 per \$100 valuation in FY 2020.
- The population of the City is estimated to be 3,028.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 1209 Fiorella, Castroville, Texas, 78009. Telephone No. (830) 931-4070.



BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 2,975,772	\$ 5,392,994	\$ 8,368,766
Receivables (net of allowances for uncollectibles)			
Ad Valorem Taxes	8,425	-	8,425
Sales & Mixed Beverage Taxes	186,714	-	186,714
Other	20,573	885,607	906,180
Inventory	6,425	151,117	157,542
Internal Balances	(124,219)	124,219	-
Restricted Assets:			
Cash and Investments	-	1,638,253	1,638,253
Investments Held in Escrow	-	1,868,403	1,868,403
Capital Assets:			
Land	105,330	2,297,441	2,402,771
Construction in Progress	-	13,031,951	13,031,951
Water Rights	-	176,126	176,126
Building and Improvements	600,670	6,509,311	7,109,981
Vehicles and Equipment	1,107,590	1,795,788	2,903,378
Infrastructure	1,814,385	11,829,608	13,643,993
Accumulated Depreciation	(1,791,414)	(8,796,931)	(10,588,345)
TOTAL ASSETS	<u>4,910,251</u>	<u>36,903,887</u>	<u>41,814,138</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	24,614	6,108	30,722
Deferred Pension Related Outflows	259,041	129,422	388,463
Deferred OPEB Related Outflows	5,758	3,094	8,852
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 289,413</u>	<u>\$ 138,624</u>	<u>\$ 428,037</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 91,250	\$ 811,894	\$ 903,144
Accrued Expenses	50,212	19,704	69,916
Accrued Interest Payable	3,627	31,320	34,947
<i>Payable from Restricted Assets:</i>			
Customer Deposits	-	183,223	183,223
<i>Noncurrent Liabilities:</i>			
Due within One Year	134,627	912,869	1,047,496
Due in more than One Year	630,663	14,895,346	15,526,009
Compensated Absences	42,619	27,250	69,869
Net Pension Liability	469,625	234,814	704,439
Total OPEB Liability	92,486	49,308	141,794
TOTAL LIABILITIES	1,515,109	17,165,728	18,680,837
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	24,338	20,085	44,423
Deferred OPEB Related Inflows	1,532	733	2,265
TOTAL DEFERRED INFLOWS OF RESOURCES	25,870	20,818	46,688
NET POSITION			
Net Investment in Capital Assets	1,095,885	14,190,937	15,286,822
Restricted	205,508	1,173,846	1,379,354
Unrestricted	2,357,292	4,491,182	6,848,474
TOTAL NET POSITION	\$ 3,658,685	\$ 19,855,965	\$ 23,514,650

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
<i>Governmental Activities:</i>				
General Administration	\$ 935,816	\$ 156,457	\$ -	\$ -
Public Safety	1,145,685	261,028	3,253	-
Public Transportation	387,343	104,445	-	-
Culture and Recreation	628,960	210,904	1,503	-
Interest on Long-term Debt	22,370	-	-	-
<i>Total Governmental Activities</i>	<u>3,120,174</u>	<u>732,834</u>	<u>4,756</u>	<u>-</u>
<i>Business-Type Activities</i>				
Utility	4,846,887	7,082,309	-	-
Airport	607,836	435,853	46,595	-
<i>Total Business-Type Activities</i>	<u>5,454,723</u>	<u>7,518,162</u>	<u>46,595</u>	<u>-</u>
Total Primary Government	<u>\$ 8,574,897</u>	<u>\$ 8,250,996</u>	<u>\$ 51,351</u>	<u>\$ -</u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (779,359)	\$ -	\$ (779,359)
(881,404)	-	(881,404)
(282,898)	-	(282,898)
(416,553)	-	(416,553)
(22,370)	-	(22,370)
<u>(2,382,584)</u>	<u>-</u>	<u>(2,382,584)</u>
-	2,235,422	2,235,422
-	(125,388)	(125,388)
<u>-</u>	<u>2,110,034</u>	<u>2,110,034</u>
<u>(2,382,584)</u>	<u>2,110,034</u>	<u>(272,550)</u>
1,118,289	-	1,118,289
1,109,577	-	1,109,577
34,276	-	34,276
57,853	-	57,853
23,060	88,192	111,252
50,621	70,812	121,433
<u>2,393,676</u>	<u>159,004</u>	<u>2,552,680</u>
<u>876,954</u>	<u>(876,954)</u>	<u>-</u>
888,046	1,392,084	2,280,130
<u>2,770,639</u>	<u>18,463,881</u>	<u>21,234,520</u>
<u>\$ 3,658,685</u>	<u>\$ 19,855,965</u>	<u>\$ 23,514,650</u>

CITY OF CASTROVILLE
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 2,456,275	\$ 519,497	\$ 2,975,772
Receivables (net of allowance):			
Property Taxes	7,741	684	8,425
Sales & Mixed Beverage Taxes	186,714	-	186,714
Other Receivables	4,024	16,549	20,573
Due from Other Funds	46,631	10,196	56,827
Inventory	6,425	-	6,425
TOTAL ASSETS	\$ 2,707,810	\$ 546,926	\$ 3,254,736
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 91,186	\$ 64	\$ 91,250
Accrued Expenditures	49,656	556	50,212
Due to Other Funds	134,415	46,631	181,046
<i>Total Liabilities</i>	<u>275,257</u>	<u>47,251</u>	<u>322,508</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Revenue - Property Tax	7,741	684	8,425
<i>Total Deferred Inflows of Resources</i>	<u>7,741</u>	<u>684</u>	<u>8,425</u>
<i>Fund Balances:</i>			
Nonspendable	6,425	-	6,425
Restricted	-	208,451	208,451
Committed	-	290,540	290,540
Unassigned	2,418,387	-	2,418,387
<i>Total Fund Balances</i>	<u>2,424,812</u>	<u>498,991</u>	<u>2,923,803</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCES	\$ 2,707,810	\$ 546,926	\$ 3,254,736

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 2,923,803
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,836,561
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		8,425
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.		
Accrued Vacation Leave Payable	(42,619)	
Deferred Charge on Refunding	24,614	
Bonds Payable	<u>(765,290)</u>	(783,295)
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Net Pension Liability	(469,625)	
Pension Related Deferred Outflows	259,041	
Pension Related Deferred Inflows	<u>(24,338)</u>	(234,922)
Total OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Total OPEB Liability	(92,486)	
OPEB Related Deferred Outflows	5,758	
OPEB Related Deferred Inflows	<u>(1,532)</u>	(88,260)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(3,627)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 3,658,685</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

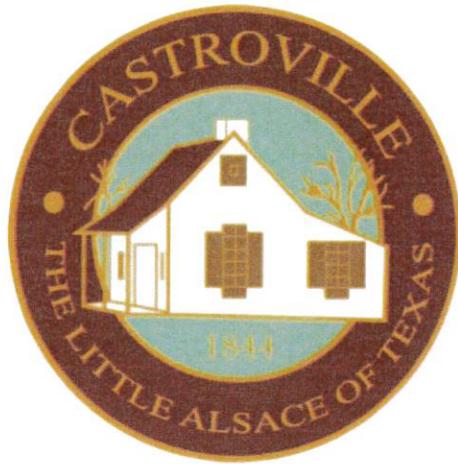
	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad Valorem Taxes	\$ 1,031,070	\$ 91,686	\$ 1,122,756
Sales Taxes	1,109,577	-	1,109,577
Franchise Fees	34,276	-	34,276
Other Taxes	5,274	52,579	57,853
Licenses and Permits	152,059	-	152,059
Charges for Services	215,302	115,885	331,187
Fines and Forfeitures	249,588	-	249,588
Intergovernmental Revenue	3,503	1,253	4,756
Interest Income	18,287	4,773	23,060
Miscellaneous	44,168	6,453	50,621
TOTAL REVENUES	2,863,104	272,629	3,135,733
EXPENDITURES			
<i>Current:</i>			
General Administration			
City Administration	251,127	41,014	292,141
Finance	313,497	-	313,497
City Council	28,383	-	28,383
City Secretary	119,108	-	119,108
Information Technology	67,188	-	67,188
Human Resources	58,624	-	58,624
Non-Departmental	23,282	-	23,282
Public Safety			
Animal Control	52,004	-	52,004
Community Development	128,063	-	128,063
Municipal Court	95,779	1,496	97,275
Police Department	818,462	-	818,462
Public Transportation			
Streets	327,551	113	327,664
Culture and Recreation			
Library	194,314	-	194,314
Parks	269,583	-	269,583
RV Park	7,143	-	7,143
Pool	132,443	-	132,443
<i>Capital Outlay</i>	165,801	-	165,801
<i>Debt Service:</i>			
Principal	-	157,000	157,000
Interest and Fiscal Charges	-	25,105	25,105
TOTAL EXPENDITURES	3,052,352	224,728	3,277,080
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$ (189,248)	\$ 47,901	\$ (141,347)

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 853,747	\$ 135,542	\$ 989,289
Transfers Out	(21,223)	(91,112)	(112,335)
TOTAL OTHER FINANCING SOURCES (USES)	<u>832,524</u>	<u>44,430</u>	<u>876,954</u>
Net Change in Fund Balance	643,276	92,331	735,607
Fund Balances at Beginning of Year	<u>1,781,536</u>	<u>406,660</u>	<u>2,188,196</u>
Fund Balances at End of Year	<u>\$ 2,424,812</u>	<u>\$ 498,991</u>	<u>\$ 2,923,803</u>

See accompanying notes to basic financial statements.



CITY OF CASTROVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 735,607
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.</p>	41,949	
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		(4,467)
<p>The issuance of long-term debt (e.g. bonds, leases,) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal Repayments on Bonds	157,000	
Amortization of Deferred Charges & Premiums	2,210	159,210
<p>Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that the contributions exceeded the actuarially determined pension expense.</p>		(34,570)
<p>Governmental funds report required contributions to other post-employment benefits as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined OPEB expense exceeded contributions.</p>		(9,650)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in Compensated Absences	(557)	
Change in Accrued Interest	524	(33)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 888,046

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2019

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
ASSETS			
<i>Current Assets:</i>			
Cash and Investments	\$ 5,026,945	\$ 366,049	\$ 5,392,994
Receivables (net of allowance)	864,290	21,317	885,607
Due from Other Funds	149,996	49,453	199,449
Inventory	120,963	30,154	151,117
<i>Total Current Assets</i>	<u>6,162,194</u>	<u>466,973</u>	<u>6,629,167</u>
<i>Restricted Assets:</i>			
Cash and Cash Equivalents	1,638,253	-	1,638,253
Investments Held in Escrow	1,868,403	-	1,868,403
<i>Total Restricted Assets</i>	<u>3,506,656</u>	<u>-</u>	<u>3,506,656</u>
<i>Non-Current Assets:</i>			
Capital Assets, Net of Accumulated			
Depreciation	18,742,756	8,100,538	26,843,294
<i>Total Non-Current Assets</i>	<u>18,742,756</u>	<u>8,100,538</u>	<u>26,843,294</u>
TOTAL ASSETS	<u>28,411,606</u>	<u>8,567,511</u>	<u>36,979,117</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	6,108	6,108
Deferred Pension Related Outflows	129,422	-	129,422
Deferred OPEB Related Outflows	3,094	-	3,094
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 132,516</u>	<u>\$ 6,108</u>	<u>\$ 138,624</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2019

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 802,774	\$ 9,120	\$ 811,894
Accrued Expenses	17,525	2,179	19,704
Due to Other Funds	10,039	65,191	75,230
Accrued Interest Payable	29,455	1,865	31,320
Current Portion of Long Term Debt	840,000	72,869	912,869
<i>Total Current Liabilities</i>	<u>1,699,793</u>	<u>151,224</u>	<u>1,851,017</u>
 <i>Liabilities Payable from Restricted Assets:</i>			
Customer Deposits	183,223	-	183,223
 <i>Non-Current Liabilities:</i>			
Compensated Absences	24,098	3,152	27,250
Net Pension Liability	234,814	-	234,814
Total OPEB Liability	49,308	-	49,308
Long-Term Debt	14,725,000	170,346	14,895,346
<i>Total Non-Current Liabilities</i>	<u>15,033,220</u>	<u>173,498</u>	<u>15,206,718</u>
 TOTAL LIABILITIES	 <u>16,916,236</u>	 <u>324,722</u>	 <u>17,240,958</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	20,085	-	20,085
Deferred OPEB Related Inflows	733	-	733
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>20,818</u>	<u>-</u>	<u>20,818</u>
 NET POSITION			
Net Investment in Capital Assets	6,327,506	7,863,431	14,190,937
Restricted	1,173,846	-	1,173,846
Unrestricted	4,105,716	385,466	4,491,182
TOTAL NET POSITION	<u>\$ 11,607,068</u>	<u>\$ 8,248,897</u>	<u>\$ 19,855,965</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
OPERATING REVENUES			
Charges for Services	\$ 6,891,567	\$ 434,737	\$ 7,326,304
Fines and Forfeitures	76,392	1,116	77,508
Operating Grants	-	46,595	46,595
Miscellaneous Revenues	114,350	-	114,350
TOTAL OPERATING REVENUES	7,082,309	482,448	7,564,757
OPERATING EXPENSES			
Personnel Services	821,000	74,109	895,109
Supplies	63,726	2,087	65,813
Other Services and Charges	1,163,619	289,061	1,452,680
Electric Purchases	1,751,139	-	1,751,139
Gas Purchases	176,478	-	176,478
Sanitation Services	428,763	-	428,763
Depreciation and Amortization	263,345	234,674	498,019
TOTAL OPERATING EXPENSES	4,668,070	599,931	5,268,001
OPERATING INCOME (LOSS)	2,414,239	(117,483)	2,296,756
NONOPERATING REVENUES (EXPENSES)			
Interest Income	85,202	2,990	88,192
Gain on Disposal of Assets	13,867	56,945	70,812
Interest and Fiscal Charges	(178,817)	(7,905)	(186,722)
TOTAL NONOPERATING REVENUES (EXPENSES)	(79,748)	52,030	(27,718)
Net Income (Loss) Before Transfers	2,334,491	(65,453)	2,269,038
Transfers In	-	3,195	3,195
Transfers Out	(874,149)	(6,000)	(880,149)
	(874,149)	(2,805)	(876,954)
CHANGE IN NET POSITION	1,460,342	(68,258)	1,392,084
NET POSITION AT BEGINNING OF YEAR	10,146,726	8,317,155	18,463,881
NET POSITION AT END OF YEAR	\$ 11,607,068	\$ 8,248,897	\$ 19,855,965

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 6,958,642	\$ 476,360	\$ 7,435,002
Cash Paid to Employee Wages & Benefits	(768,256)	(71,294)	(839,550)
Cash Paid to Suppliers for Goods and Services	(4,025,581)	(313,141)	(4,338,722)
Net Cash Provided (Used) by Operating Activities	<u>2,164,805</u>	<u>91,925</u>	<u>2,256,730</u>
Cash Flows From Noncapital Financing Activities:			
Interfund Payables	(75,077)	(28,811)	(103,888)
Transfer (to) from Other Funds	(874,149)	(2,805)	(876,954)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(949,226)</u>	<u>(31,616)</u>	<u>(980,842)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(234,267)	(73,358)	(307,625)
Proceeds Received on Disposal of Assets	30,297	56,945	87,242
Retirement of Long-Term Debt	(835,000)	(77,361)	(912,361)
Interest and Fiscal Charges Paid	(178,817)	(7,033)	(185,850)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,217,787)</u>	<u>(100,807)</u>	<u>(1,318,594)</u>
Cash Flows From Investing Activities:			
Investment Interest Received	85,202	2,990	88,192
Net Cash Provided (Used) by Investing Activities	<u>85,202</u>	<u>2,990</u>	<u>88,192</u>
Net Increase (Decrease) in Cash and Cash Equivalents	82,994	(37,508)	45,486
Cash and Investments at Beginning of Year:			
Cash and Investments	4,523,085	403,557	4,926,642
Restricted Cash and Investments	3,927,522	-	3,927,522
	<u>8,450,607</u>	<u>403,557</u>	<u>8,854,164</u>
Cash and Investments at End of Year:			
Cash and Investments	5,026,945	366,049	5,392,994
Restricted Cash and Investments	3,506,656	-	3,506,656
	<u>\$ 8,533,601</u>	<u>\$ 366,049</u>	<u>\$ 8,899,650</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
Reconciliation of Operating Income to Net Cash			
Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 2,414,239	\$ (117,483)	\$ 2,296,756
Adjustments to Reconcile Operating Income to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	263,345	234,674	498,019
(Increase) Decrease in Operating Assets:			
Accounts Receivable	(130,980)	(6,088)	(137,068)
Inventory	(23,011)	-	(23,011)
Increase (Decrease) in Current Liabilities:			
Accounts Payable	(418,845)	(21,993)	(440,838)
Accrued Expenses	17,525	2,179	19,704
Customer Deposits	7,313	-	7,313
Compensated Absences	14,058	636	14,694
Net Pension Liability and Related			
Deferred Inflows and Outflows	16,543	-	16,543
Total OPEB Liability and Related			
Deferred Inflows and Outflows	4,618	-	4,618
Total Adjustments to Reconcile			
 Operating Activities	<u>(249,434)</u>	<u>209,408</u>	<u>(40,026)</u>
Net Cash Provided (Used) by			
 Operating Activities	<u>\$ 2,164,805</u>	<u>\$ 91,925</u>	<u>\$ 2,256,730</u>
 SUPPLEMENTAL SCHEDULE OF NON-CASH			
INVESTING AND FINANCING ACTIVITIES:			
Insurance Proceeds Received	\$ 30,297	\$ 56,945	\$ 87,242
Less Net Book Value of Disposed Assets	(16,430)	-	(16,430)
Net Effect of Non-Cash Investing and Financing			
Activities	<u>\$ 13,867</u>	<u>\$ 56,945</u>	<u>\$ 70,812</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Castroville, Texas ("City"), was incorporated in 1948. The City operates under a general law, Mayor-Council type of government, and provides the following services: public safety (law enforcement), public transportation (streets), culture, recreation, water, sewer, electricity, natural gas, sanitation, airport hangar leases and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has no component units.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period.

Property taxes, franchise taxes, sales tax, occupancy tax, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property and sales taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public transportation, culture and recreation, capital acquisition, and debt service.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Nonmajor funds include special revenue funds, debt service fund, and capital improvement fund.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows.

Proprietary Funds are accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The City reports the following major proprietary funds:

The Utility Fund accounts for the activities of the City's water, sewer, gas and electric operations.

The Airport Fund accounts for the activities of the City's airport operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d).

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS (Continued)

Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, government investment pools, and certificates of deposit. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2018 and past due after January 31, 2019. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Revenues for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts and billable services for the City's water utilities, sewer services, and solid waste management. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts. The allowances for uncollectible property taxes and utility customer accounts as of September 30, 2019 are \$14,731 and \$34,073, respectively.

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds represented long term interfund receivables/payables that had an agreement for the repayment of funds.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. INVENTORY

Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenses in the proprietary fund types when used.

9. RESTRICTED ASSETS

Certain resources are set aside for customer meter deposits. Deposits are classified as restricted assets on the balance sheet because they may be refunded at a point in time if the customer is in good standing with the water/sewer department.

Part of the agreement for bond proceeds from the Texas Water Development Board required reserve funds to be kept in a restricted bank account to serve as collateral. These funds are shown as Investments Held in Escrow under the section of Restricted Assets on the Statement of Net Position.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sewer, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Estimated Life
Buildings and Improvements	7 to 50 years
Machinery and Equipment	5 to 35 years
Infrastructure	5 to 50 years

11. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has pension and other post-employment benefit related deferred outflows of resources.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (Continued)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under the modified accrual basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resource in the period the amounts become available. The City also has pension-related deferred inflows.

12. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue. The City's collection of future hanger lease payments would also be shown as Unearned Revenue.

13. COMPENSATED ABSENCES

Employees earn vacation leave at varying rates depending on length of service: 10 days leave for each year from year 1 through 5 (not available for use until first six months of service is completed), an additional 7 days for each year from year 6 through 9, and an additional 3 days for each year from year 10 through 14, and an additional 5 days per year for each year of service thereafter up to a maximum of 20 days per year. Annual leave exceeding 40 days will not be carried over, except with City Administrator approval.

Employees earn sick leave at the rate of 3.69 hours per pay period starting ninety days after the date of employment. No sick leave days are paid when an employee leaves city employment and no liability is reported for unpaid sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. PENSIONS

The net pension (asset) liability, deferred inflows and outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Total OPEB Liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

17. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision making authority. The governing council is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council is the only entity that may make assignments at this time as the Council has not designated any other individuals with the authority to make assignments.

Unassigned – Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second, and assigned third.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

19. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

20. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

21. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

22. ADOPTION OF GASB STATEMENT NO. 88

During the year, the City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Borrowings and Direct Placements*. The Statement established new requirements for long-term debt, including direct borrowings and placements. In addition, the Statement requires that a government disclose in the notes summarized information about 1) unused lines of credit, 2) assets pledged as collateral, and 3) terms specified in the debt agreements with finance-related consequences. The Statement also requires that disclosures for direct borrowings and placements be distinct from other debt disclosures. See Note G.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE B -- DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Deposits

At September 30, 2019, the carrying amount of the City's cash on hand was \$1,420, the carrying amount of deposits in bank was \$10,005,599, and the bank balance was \$10,340,795. The bank balance was covered by federal deposit insurance at Castroville State Bank for \$250,000 as well as the City's depository had pledged securities having a face value of \$9,680,169 and market value of \$10,252,690 as collateral for the City's deposits. All of the City's cash was fully collateralized.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. The Act requires that the Council review the investment policy at least annually, investment officers obtain minimum investment training, and investment officers sign quarterly investment reports submitted to Council. Audit procedures in this area, conducted as part of the basic financial statements, disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act in all material respects. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City's investment policy further prioritizes investments as: (1) safety, (2) liquidity, (3) public trust, and (4) yield.

	Fair Value	Weighted Average Maturity (Days)
Held in Escrow:		
Invesco Govt and Agency Investment Fund	\$ 1,868,403	34
Total Investments	\$ 1,868,403	34

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

2. Investments (Continued)

All investments are valued using prices quoted in active markets (Level 1 inputs).

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City had exposure to concentration of credit risk as \$2,091,658 was held at a single financial institution as this represents the amounts held in escrow by the Texas Water Development Board in the City's name.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

4. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. Held in Escrow

The amount of funds approved by the Texas Water Development Board but not yet drawn down by the City is held in escrow by the Texas Water Development Board in the City's name. The amount held in escrow as of September 30, 2019 was \$1,868,403.

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Medina County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2018, upon which the fiscal 2019 levy was based, was \$171,644,964 (i.e., market value less exemptions). The estimated market value was \$232,780,181, making the taxable value 73.7% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2019, was \$0.508850 per \$100 of assessed value, which means that the City has a tax margin of \$1.991150 for each \$100 value and could increase its annual tax levy by approximately \$3,417,709 based upon the present assessed valuation before the limit is reached. However, the City may not adopt a tax rate that exceeds the effective tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2019 are as follows:

	General Fund	Nonmajor Governmental Funds	Utility Fund	Airport Fund
Franchise Fees	\$ 4,024	\$ -	\$ -	\$ -
Occupancy Tax	-	16,549	-	-
Customer Receivables, Net of Allowance for Uncollectibles	-	-	864,290	21,317
Total Other Receivables	\$ 4,024	\$ 16,549	\$ 864,290	\$ 21,317

NOTE E -- INTERFUND RECEIVABLE/PAYABLE AND TRANSFERS

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, and service debt. As of September 30, 2019, the following balances were due between funds:

Receivable Fund	Payable Fund	Amount	Reason
General Fund	Nonmajor Governmental Fund	\$ 46,631	Reimbursement for Costs
Utility Fund	General Fund	84,805	Reimbursement for Costs
Utility Fund	Airport Fund	65,191	Reimbursement for Costs
Airport Fund	General Fund	49,453	Reimbursement for Costs
Nonmajor Governmental Fund	General Fund	157	Reimbursement for Costs
Nonmajor Governmental Fund	Utility Fund	10,039	Reimbursement for Costs
		<u>\$ 256,276</u>	

Transfers during the year ended September 30, 2019, were as follows:

Transfer In	Transfers Out	Amount	Purpose
General Fund	Utility Fund	\$ 847,747	In support of admin costs
General Fund	Airport Fund	6,000	Supplement Funding
Nonmajor Governmental Fund	General Fund	21,223	Supplement Funding
Nonmajor Governmental Fund	Nonmajor Governmental Fund	87,917	In support of debt service
Nonmajor Governmental Fund	Utility Fund	26,402	In support of debt service
Airport Fund	Nonmajor Governmental Fund	3,195	In support of debt service
		<u>\$ 992,484</u>	

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2018	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2019
Land	\$ 105,330	\$ -	\$ -	\$ 105,330
Buildings and Improvements	588,965	11,705	-	600,670
Vehicles and Equipment	953,232	154,358	-	1,107,590
Infrastructure	1,814,385	-	-	1,814,385
	<u>3,461,912</u>	<u>166,063</u>	<u>-</u>	<u>3,627,975</u>
Less Accumulated Depreciation				
Buildings and Improvements	(291,856)	(18,555)	-	(310,411)
Vehicles and Equipment	(812,869)	(74,044)	-	(886,913)
Infrastructure	(562,575)	(31,515)	-	(594,090)
	<u>(1,667,300)</u>	<u>(124,114)</u>	<u>-</u>	<u>(1,791,414)</u>
Governmental Capital Assets, Net	<u>\$ 1,794,612</u>	<u>\$ 41,949</u>	<u>\$ -</u>	<u>\$ 1,836,561</u>
<u>Business-Type Activities</u>	Balance 10/1/2018	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2019
Land	\$ 2,297,441	\$ -	\$ -	\$ 2,297,441
Construction in Progress	12,809,684	222,267	-	13,031,951
Water Rights	176,126	-	-	176,126
Buildings and Improvements	6,497,311	12,000	-	6,509,311
Vehicles and Equipment	1,778,855	73,358	(56,425)	1,795,788
Infrastructure	11,829,608	-	-	11,829,608
	<u>35,389,025</u>	<u>307,625</u>	<u>(56,425)</u>	<u>35,640,225</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,865,069)	(134,828)	-	(1,999,897)
Vehicles and Equipment	(1,017,589)	(104,717)	39,995	(1,082,311)
Infrastructure	(5,456,249)	(258,474)	-	(5,714,723)
	<u>(8,338,907)</u>	<u>(498,019)</u>	<u>39,995</u>	<u>(8,796,931)</u>
Business-Type Capital Assets, Net	<u>\$ 27,050,118</u>	<u>\$ (190,394)</u>	<u>\$ (16,430)</u>	<u>\$ 26,843,294</u>

Land, Construction in Progress, and Water Rights are not depreciated.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE F -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions as follows:

Governmental Activities:

General Administration	\$ 20,378
Public Safety	32,634
Public Transportation	55,917
Culture and Recreation	15,185
Total Depreciation Expense - Governmental Activities	\$ 124,114

Business-Type Activities:

Utility	\$ 263,345
Airport	234,674
Total Depreciation Expense - Business-Type Activities	\$ 498,019

NOTE G -- LONG-TERM DEBT

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation, tax notes, and capital leases. These debt obligations are secured by either future property tax revenue or future revenue from charges for services.

Public Borrowings

A summary of the general obligation debt is as follows:

	Issue Amount	Maturity	Interest Rate	Balance
General Obligation Refunding Bonds:				
2012 Series	\$ 2,020,000	2026	2.0 - 3.0%	\$ 900,000

The City issued General Obligation Refunding Bonds, Series 2012 on October 30, 2012 in the amount of \$2,020,000 to advance refund 1) General Obligation Refunding Bonds, Series 2004 in the amount of \$200,000; 2) Certificates of Obligation, Series 2003 in the amount of \$960,000; and 3) Certificates of Obligation, Series 2004 in the amount of \$860,000.

Private Placement Note Agreements

The City entered into a loan agreement with the Texas Department of Transportation in January 2004 to borrow the sum of \$278,748 for the construction of aviation T-hangers at the airport. The loan is due and payable with 15 annual payments of \$23,350, which include interest at 3%. The final maturity of the loan is May 15, 2020.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE G -- LONG-TERM DEBT (Continued)

In 2012, the City received a note through the Texas Water Development Board for \$725,000 to fund improvements to the City's water and waste water lines. Interest rates vary from .05% - 1.22% and .08% - 1.52%, respectively. In 2015, the City received an additional federal award of a note through the Texas Water Development Board to fund improvements to the City's water and waste water lines in the amount of \$15,600,000 as well as additional funding of \$1,500,000 in 2017. Interest rates vary from 0% - 1.8%. The bonds were privately placed with the Texas Water Development Board and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

The City issued tax notes in October 2016 for \$935,000 for purchase of land and water rights. The notes are due and payable over seven years. Interest rates vary from 0.85% - 1.4%. The notes were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

Changes in Long-Term Debt

	Balance 9/30/2018	Additions	Reductions	Balance 9/30/2019	Due Within One Year
<i>Governmental Activities:</i>					
2012 Refunding Bonds	\$ 882,200	\$ -	\$ (157,000)	\$ 725,200	\$ 128,900
2012 Premium on Bonds	45,817	-	(5,727)	40,090	5,727
<i>Total Governmental Activities</i>	<u>928,017</u>	<u>-</u>	<u>(162,727)</u>	<u>765,290</u>	<u>134,627</u>
<i>Business-Type Activities:</i>					
2012 Refunding Bonds	212,800	-	(38,000)	174,800	31,100
2012 Premium on Bonds	11,370	-	(1,421)	9,949	1,421
TXDOT Note	44,682	-	(22,009)	22,673	22,673
Capital Lease - Jet Refueler	51,724	-	(15,931)	35,793	17,675
TWDB - DWSRF	175,000	-	(35,000)	140,000	35,000
TWDB - DWSRF - Construction	3,095,000	-	(170,000)	2,925,000	170,000
TWDB - CWSRF	200,000	-	(40,000)	160,000	40,000
TWDB - CWSRF - Construction	2,605,000	-	(145,000)	2,460,000	145,000
Series 2015 Revenue Bonds	8,200,000	-	(270,000)	7,930,000	270,000
TWDB - CWSRF - Additional	1,450,000	-	(45,000)	1,405,000	45,000
Series 2016 Tax Notes	675,000	-	(130,000)	545,000	135,000
<i>Total Business-Type Activities</i>	<u>16,720,576</u>	<u>-</u>	<u>(912,361)</u>	<u>15,808,215</u>	<u>912,869</u>
 Total Primary Government	 <u>\$ 17,648,593</u>	 <u>\$ -</u>	 <u>\$ (1,075,088)</u>	 <u>\$ 16,573,505</u>	 <u>\$ 1,047,496</u>

The total deferred charges remaining on the refunding is \$30,722 as of September 30, 2019 and is shown on the Statement of Net Position as a deferred outflow of resources.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE G -- LONG-TERM DEBT (Continued)

Annual requirements to amortize all bonded debt outstanding as of September 30, 2019 are as follows:

Year Ending September 30,	Public Offerings			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 128,900	\$ 21,762	\$ 31,100	\$ 5,238
2021	128,900	17,893	31,100	4,307
2022	132,900	14,024	32,100	3,376
2023	137,000	10,035	33,000	2,415
2024	64,500	5,924	15,500	1,426
2025 - 2026	133,000	5,924	32,000	1,426
	<u>\$ 725,200</u>	<u>\$ 75,562</u>	<u>\$ 174,800</u>	<u>\$ 18,188</u>

Year Ending September 30,	Private Placement - Business-Type Activities			
	Notes Payable		TWDB Agreements	
	Principal	Interest	Principal	Interest
2020	\$ 157,672	\$ 7,703	\$ 705,000	\$ 169,957
2021	135,000	5,470	705,000	169,203
2022	135,000	3,783	705,000	167,934
2023	140,000	980	720,000	165,352
2024	-	-	645,000	161,790
2025 - 2029	-	-	3,280,000	733,742
2030 - 2034	-	-	3,495,000	536,871
2035 - 2039	-	-	2,225,000	304,942
2040 - 2044	-	-	2,000,000	145,675
2045 - 2047	-	-	540,000	11,406
	<u>\$ 567,672</u>	<u>\$ 17,936</u>	<u>\$ 15,020,000</u>	<u>\$ 2,566,872</u>

The City leased a used fuel truck in October 2016. The lease has an effective interest rate of 2.29% and a bargain purchase option of \$1 upon maturity. Future minimum lease payments are as follows:

Year Ending September 30,	Lease Payments
2020	\$ 18,361
2021	16,949
2022	1,412
	<u>36,722</u>
Less: Interest Amount	<u>(929)</u>
	<u>\$ 35,793</u>

The following is an analysis of the equipment under capital lease as of September 30, 2019:

Transportation & Equipment	\$ 80,000
Less: Accumulated Depreciation	<u>(46,667)</u>
Net Leased Property	<u>\$ 33,333</u>

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

1. Plan Description

The City participates, as one of 883 plans, in the nontraditional, joint-contributory, hybrid-defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in the TMRS retirement system.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31 valuation and measurement date, the following employees were covered by the benefit terms:

	2017	2018
Inactive employees or beneficiaries currently receiving benefits	32	36
Inactive employees entitled to but not yet receiving benefits	61	64
Active employees	40	42
	133	142

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State Law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

3. Contributions (Continued)

For the year ending September 30, 2019, employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.23% and 9.06% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$155,635, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) or Asset was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

5. Actuarial Assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.50% to 10.50%, including inflation
Investment Rate of Return*	6.75%

*Presented net of pension plan investment expense, including inflation.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rates (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal (EAN) actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

5. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding the expected inflation.

In determining their best estimated of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
	100.00%	

6. Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

7. Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 1,509,742	\$ 704,439	\$ 58,228

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmr.com.

9. Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2018:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2017	\$ 5,466,710	\$ 5,227,950	\$ 238,760
Changes for the year:			
Service Cost	226,730	-	226,730
Interest	365,524	-	365,524
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(30,664)	-	(30,664)
Changes of Assumptions	-	-	-
Contributions - Employer	-	165,825	(165,825)
Contributions - Employee	-	89,830	(89,830)
Net Investment Income	-	(156,558)	156,558
Benefit Payments, Including Refunds of Employee Contributions	(329,800)	(329,800)	-
Administrative Expense	-	(3,027)	3,027
Other Changes	-	(159)	159
Net Changes	231,790	(233,889)	465,679
Balance at December 31, 2018	\$ 5,698,500	\$ 4,994,061	\$ 704,439

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

10. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized a pension expense of \$206,747. Also, as of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 44,423
Changes in Actuarial Assumptions	-	-
Differences between Projected and Actual Investment Earnings	269,309	-
Contributions Subsequent to the Measurement Date	119,154	-
	\$ 388,463	\$ 44,423

Deferred outflows of resources in the amount of \$119,154 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,		
2019	\$	53,102
2020		33,994
2021		35,901
2022		101,889
	\$	224,886

NOTE I -- OTHER POST EMPLOYMENT BENEFIT (OPEB)

The City also participates in the cost sharing, multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) and known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year, to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's annual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. Membership in the plan at December 31, 2018, the valuation and measurement date, consisted of:

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE I -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

Inactive Employees or Beneficiaries Currently Receiving Benefits	24
Inactive Employees Entitled to but Not Yet Receiving Benefits	10
Active Employees	42
	76

The SDBF required contribution rates, based on these assumptions, are as follows:

For the Calendar Year Ended December 31,	Total SDBF Contribution Rate	Retiree Portion of SDBF Contribution Rate
2018	0.32%	0.11%
2019	0.31%	0.08%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method.

These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE I -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

The City's Total OPEB Liability (TOL), based on the actuarial factors, as of December 31, 2018 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2017	\$ 129,636
Changes for the year:	
Service Cost	9,342
Interest	4,413
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	9,802
Changes of Assumptions or Other Inputs	(9,423)
Benefit Payments	(1,976)
Net Changes	12,158
Balance at December 31, 2018	\$ 141,794

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 3.71% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.71%) and 1-percentage point higher (4.71%) than the current rate:

	Discount Rate 2.71%	Discount Rate 3.71%	Discount Rate 4.71%
Total OPEB Liability	\$ 167,336	\$ 141,794	\$ 122,107

For the year ended September 30, 2019, the City recognized OPEB expense of \$16,104. Also as of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 7,451	\$ -
Changes in Actuarial Assumptions	-	2,265
Contributions Subsequent to the Measurement Date	1,401	-
	\$ 8,852	\$ 2,265

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE I -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

Deferred outflows of resources in the amount of \$1,401 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year Ended December 31,		
2019	\$	2,349
2020		2,349
2021		473
2022		15
	<u>\$</u>	<u>5,186</u>

NOTE J -- FUND BALANCE

The City reported fund balance designations at September 30, 2019 as follows:

Fund Balance Designation	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:			
Debt Service	\$ -	\$ 69,511	\$ 69,511
Tourism	-	82,424	82,424
Library	-	2,014	2,014
Police Training and Operations	-	6,781	6,781
Court Security & Technology	-	47,721	47,721
Total Restricted Fund Balance	-	208,451	208,451
Committed for:			
Drainage Projects	-	272,798	272,798
Facilities Maintenance	-	17,742	17,742
Total Committed Fund Balance	-	290,540	290,540
Unassigned	2,418,387	-	2,418,387
Total Fund Balance	\$ 2,418,387	\$ 498,991	\$ 2,917,378

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE K -- RESTRICTED NET POSITION

The City reported restricted net position at September 30, 2019 as follows:

Net Position Restricted for:	Governmental Activities	Business-type Activities	Total Restricted Net Position
Debt Service	\$ 66,568	\$ -	\$ 66,568
Tourism	82,424	-	82,424
Library	2,014	-	2,014
Police Training and Operations	6,781	-	6,781
Court Security	47,721	-	47,721
Water Acquisition	-	499,045	499,045
Capital Improvements - Impact Fees	-	674,801	674,801
			-
Total Restricted Net Position	<u>\$ 205,508</u>	<u>\$ 1,173,846</u>	<u>\$ 1,379,354</u>

NOTE L -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Construction Commitments

The City has entered into construction and engineering contracts for the following projects. Estimated future commitments associated with these contracts as of September 30, 2019 are as follows:

Commitment	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Engineering Fees	\$ 703,930	\$ 647,481	\$ 56,449
Testing & Inspection Fees	364,000	298,561	65,439
WWTP Capacity Expansion	9,424,951	9,375,483	49,468
Eastside Liftstation	1,918,946	1,899,918	19,028
	<u>\$ 12,411,827</u>	<u>\$ 12,221,443</u>	<u>\$ 190,384</u>

Utility Capital Projects

During the year ended September 30, 2013 and 2016, the Texas Water Development Board (TWDB) awarded the City financial assistance in the amount of \$375,000 and \$3,050,000, respectively, from the Clean Water State Revolving Fund (CWSRF), for improvements to the East Side Sanitary Lift Station. Both loans were identified as TWDB Project No. 73646. As of September 30, 2019, the City had \$103,600 and \$816,714, respectively, of remaining funds available.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE L -- COMMITMENTS AND CONTINGENCIES (Continued)

During the year ended September 30, 2013 and 2016, the Texas Water Development Board (TWDB) awarded the City financial assistance in the amount of \$350,000 and \$3,500,000, respectively, from the Drinking Water State Revolving Fund (DWSRF), for improvements to the Water Line Replacement. Both loans were identified as TWDB Project No. 62534. As of September 30, 2019, the City had \$82,668 and \$1,025,161, respectively, of remaining funds available.

During the year ended September 30, 2016 and 2017, the Texas Water Development Board (TWDB) awarded the City financial assistance in the amount of \$9,050,000 and \$1,500,000, respectively, from the Clean Water State Revolving Fund (CWSRF), for improvements and expansion of the Wastewater Treatment Plant. Both loans were identified as TWDB Project No. 73707. As of September 30, 2019, the City had \$12,106 and \$533,941, respectively, of remaining funds available.

Chapter 380 Economic Development Agreement

The purpose of the development agreement program is to provide loans and grants for the development and diversification of the economy and the elimination of unemployment in the City. The authority of the program is Chapter 380 of the Texas Local Government Code (Chapter 380) for the purposes of economic development to promote State and local economic development to stimulate business and commercial activity.

During the year ended September 30, 2019, the City approved an economic development agreement between the City and the Hwy 90 Castroville Partners, LTD. The agreement allows the City to reimburse the Developer in the form of ad valorem tax grants an amount not to exceed \$23,596,331 upon the Developer's performing certain obligations as defined in the agreement. The ad valorem tax grants represent 100% of city ad valorem property taxes levied for purposes other than payment of debt service and up to 100% of city sales and hotel occupancy taxes as imposed and collected within a proposed development. As the agreement was signed on September 24, 2019, the City made no payments during the current fiscal year.

NOTE M -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$3,000,000. Annual contributions for the year ended September 30, 2019 were \$123,556 for property and casualty and workers compensation coverage.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- Notes to Schedule of Changes – Net Pension Liability and Related Ratios
- Schedule of Changes – Total OPEB Liability and Related Ratios
- Notes to Schedule of Changes – Total OPEB Liability and Related Ratios

CITY OF CASTROVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Budget Amounts		Actual Amounts	Variance	2018
	Original	Final		Favorable (Unfavorable)	
REVENUES					
Ad Valorem Taxes	\$ 772,952	\$ 772,952	\$ 1,031,070	\$ 258,118	\$ 878,468
Sales Taxes	1,043,524	1,043,524	1,109,577	66,053	1,049,379
Franchise Fees	30,850	30,850	34,276	3,426	34,764
Other Taxes	5,430	5,430	5,274	(156)	4,759
Licenses and Permits	112,167	112,167	152,059	39,892	97,908
Charges for Services	403,222	403,222	215,302	(187,920)	193,696
Fines and Forfeitures	269,149	269,149	249,588	(19,561)	265,274
Intergovernmental Revenue	-	-	3,503	3,503	20,791
Interest Income	5,348	5,348	18,287	12,939	4,940
Miscellaneous	46,011	46,011	44,168	(1,843)	40,612
TOTAL REVENUES	2,688,653	2,688,653	2,863,104	174,451	2,590,591
EXPENDITURES					
<i>Current:</i>					
General Administration					
City Administration	363,234	363,234	251,127	112,107	341,157
Finance	317,135	317,135	313,497	3,638	268,397
City Council	36,131	36,131	28,383	7,748	27,619
City Secretary	122,694	122,694	119,108	3,586	126,518
Information Technology	87,445	87,445	67,188	20,257	72,966
Human Resources	86,162	86,162	58,624	27,538	76,694
Economic Development	-	-	-	-	33,729
Non-Departmental	31,175	31,175	23,282	7,893	52,704
Public Safety					
Animal Control	71,250	71,250	52,004	19,246	59,707
Community Development	145,215	145,215	128,063	17,152	115,261
Municipal Court	100,123	100,123	95,779	4,344	94,905
Police Department	866,395	866,395	818,462	47,933	774,641
Public Transportation					
Streets	694,634	694,634	327,551	367,083	798,920
Culture and Recreation					
Library	205,551	205,551	194,314	11,237	138,327
Parks	274,364	274,364	269,583	4,781	176,302
RV Park	49,250	49,250	7,143	42,107	-
Pool	117,852	117,852	132,443	(14,591)	129,233
Capital Outlay	218,750	218,750	165,801	52,949	15,329
TOTAL EXPENDITURES	3,787,360	3,787,360	3,052,352	735,008	3,302,409
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,098,707)	\$ (1,098,707)	\$ (189,248)	\$ 909,459	\$ (711,818)

CITY OF CASTROVILLE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 (WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Budget Amounts		Actual Amounts	Variance Favorable (Unfavorable)	2018
	Original	Final			
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 853,747	\$ 853,747	\$ 853,747	\$ -	\$ 853,747
Transfers Out	(21,223)	(21,223)	(21,223)	-	(21,223)
Proceeds from Sale of Assets	2,000	2,000	-	(2,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>834,524</u>	<u>834,524</u>	<u>832,524</u>	<u>(2,000)</u>	<u>832,524</u>
Net Change in Fund Balance	(264,183)	(264,183)	643,276	907,459	120,706
Fund Balance - Beginning of Year	<u>1,781,536</u>	<u>1,781,536</u>	<u>1,781,536</u>	-	<u>1,660,830</u>
Fund Balance - End of Year	<u>\$ 1,517,353</u>	<u>\$ 1,517,353</u>	<u>\$ 2,424,812</u>	<u>\$ 907,459</u>	<u>\$ 1,781,536</u>

CITY OF CASTROVILLE
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
SEPTEMBER 30, 2019

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Debt Service Funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF CASTROVILLE
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE CALENDAR YEARS

	Total Pension Liability				
	2014	2015	2016	2017	2018
Service Cost	\$ 162,880	\$ 193,289	\$ 222,617	\$ 226,467	\$ 226,730
Interest (on the Total Pension Liability)	314,941	330,968	334,854	355,826	365,524
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(47,315)	(112,683)	29,527	(117,537)	(30,664)
Changes of Assumptions	-	52,240	-	-	-
Benefit Payments, Including Refunds of Employee					
Contributions	(185,781)	(247,734)	(243,830)	(312,626)	(329,800)
Net Change in Total Pension Liability	244,725	216,080	343,168	152,130	231,790
Total Pension Liability - Beginning	4,510,607	4,755,332	4,971,412	5,314,580	5,466,710
Total Pension Liability - Ending	<u>\$ 4,755,332</u>	<u>\$ 4,971,412</u>	<u>\$ 5,314,580</u>	<u>\$ 5,466,710</u>	<u>\$ 5,698,500</u>
	Plan Fiduciary Net Position				
	2014	2015	2016	2017	2018
Contributions - Employer	\$ 116,470	\$ 140,635	\$ 166,452	\$ 167,071	\$ 165,825
Contributions - Employee	73,753	80,739	91,865	91,097	89,830
Net Investment Income	235,951	6,437	293,031	643,319	(156,558)
Benefit Payments, Including Refunds of Employee					
Contributions	(185,781)	(247,734)	(243,830)	(312,626)	(329,800)
Administrative Expense	(2,464)	(3,920)	(3,311)	(3,335)	(3,027)
Other	(203)	(195)	(178)	(167)	(159)
Net Change in Plan Fiduciary Net Position	237,726	(24,038)	304,029	585,359	(233,889)
Plan Fiduciary Net Position - Beginning	4,124,874	4,362,600	4,338,562	4,642,591	5,227,950
Plan Fiduciary Net Position - Ending	<u>\$ 4,362,600</u>	<u>\$ 4,338,562</u>	<u>\$ 4,642,591</u>	<u>\$ 5,227,950</u>	<u>\$ 4,994,061</u>
Net Pension Liability - Ending	\$ 392,732	\$ 632,850	\$ 671,989	\$ 238,760	\$ 704,439
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.74%	87.27%	87.36%	95.63%	87.64%
Covered Payroll	\$ 1,475,068	\$ 1,614,779	\$ 1,796,745	\$ 1,821,939	\$ 1,796,595
Net Pension Liability as a Percentage of Covered Payroll	26.62%	39.19%	37.40%	13.10%	39.21%

Note: The schedule above reflects the changes in the net pension liability for the current year and the four previous plan years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The City will build the schedule over the 10 year period beginning December 31, 2014 as data becomes available.

**CITY OF CASTROVILLE
SCHEDULE OF CONTRIBUTIONS AND RELATED NOTES
LAST SIX FISCAL YEARS**

Schedule of Contributions:

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 115,497	\$ 139,842	\$ 156,977	\$ 168,611	\$ 166,662	\$ 155,635
Contribution in Relation to the Actuarially Determined Contribution	115,497	139,842	156,977	168,611	166,662	155,635
Contribution Deficiency (Excess)	<u>\$ -</u>					
Covered Payroll	\$ 1,459,385	\$ 1,643,667	\$ 1,744,669	\$ 1,843,395	\$ 1,808,304	\$ 1,710,410
Contributions as a Percentage of Covered Payroll	7.91%	8.51%	9.00%	9.15%	9.22%	9.10%

Note: The schedule above reflects the TMRS contributions made by the City for the current year and the five previous fiscal years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The City will build the schedule over the 10 year period beginning September 30, 2014 as data becomes available.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 Years
Asset Valuation Method	10 Year Smoothed Market, 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year

CITY OF CASTROVILLE, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SCHEDULE OF CHANGES – OTHER POST EMPLOYMENT BENEFIT
 LIABILITY AND RELATED RATIOS
 LAST TWO CALENDAR YEARS

	Total OPEB Liability	
	2017	2018
Service Cost	\$ 8,563	\$ 9,342
Interest (on the Total OPEB Liability)	4,259	4,413
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	9,802
Changes of Assumptions	9,414	(9,423)
Benefit Payments, Including Refunds of		
Employee Contributions	(2,004)	(1,976)
Net Change in Total OPEB Liability	20,232	12,158
Total OPEB Liability - Beginning	109,404	129,636
Total OPEB Liability - Ending	<u>\$ 129,636</u>	<u>\$ 141,794</u>
Covered Payroll	\$ 1,821,939	\$ 1,796,595
Total OPEB Liability as a Percentage of Covered Payroll	7.12%	7.89%

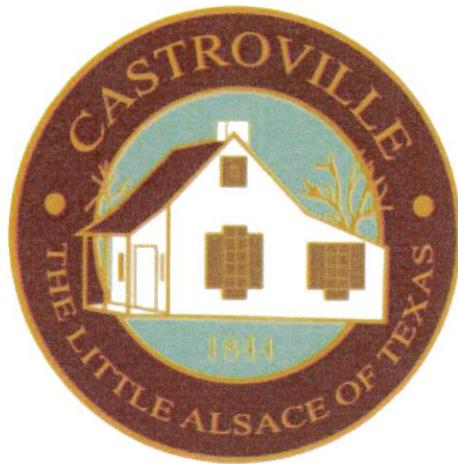
Note: The schedule above reflects the changes in the Total OPEB Liability for the current plan year and previous plan year. GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. The City will build the schedule over the 10-year period beginning December 31, 2017 as data becomes available.

NOTES TO SCHEDULE OF CHANGES

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Methods and Assumptions Used to Determine Contribution Rate

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.



SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Balance Sheets -- General Fund
- Statement of Revenues, Expenditures & Changes in Fund Balance – Budget and Actual – Debt Service Funds
- Combining Statements – Nonmajor Funds

CITY OF CASTROVILLE
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Investments	\$ 2,456,275	\$ 1,949,441
Receivables (net of allowances for uncollectibles):		
Property Taxes	7,741	11,924
Sales & Mixed Beverage Taxes	186,714	167,461
Other Receivables	4,024	6,037
Due from Other Funds	46,631	45,883
Inventory	6,425	7,637
 TOTAL ASSETS	\$ 2,707,810	\$ 2,188,383
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 91,186	\$ 194,610
Accrued Expenditures	49,656	55,973
Due to Other Funds	134,415	144,340
<i>Total Liabilities</i>	275,257	394,923
 <i>Deferred Inflows of Resources:</i>		
Unavailable Revenue - Property Tax	7,741	11,924
<i>Total Deferred Inflows of Resources</i>	7,741	11,924
 <i>Fund Balances:</i>		
Nonspendable:		
Inventory	6,425	7,637
Unassigned	2,418,387	1,773,899
<i>Total Fund Balances</i>	2,424,812	1,781,536
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 2,707,810	\$ 2,188,383

CITY OF CASTROVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Budget Amounts		Actual Amounts	Variance Favorable (Unfavorable)	2018
	Original	Final			
REVENUES					
Ad Valorem Taxes	\$ 72,226	\$ 72,226	\$ 91,686	\$ 19,460	\$ 71,544
Interest Income	91	91	1,715	1,624	582
TOTAL REVENUES	<u>72,317</u>	<u>72,317</u>	<u>93,401</u>	<u>21,084</u>	<u>72,126</u>
EXPENDITURES					
<i>Debt Service:</i>					
Principal	155,000	155,000	157,000	(2,000)	153,000
Interest	30,500	30,500	25,105	5,395	33,400
TOTAL EXPENDITURES	<u>185,500</u>	<u>185,500</u>	<u>182,105</u>	<u>3,395</u>	<u>186,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(113,183)</u>	<u>(113,183)</u>	<u>(88,704)</u>	<u>24,479</u>	<u>(114,274)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	114,319	114,319	114,319	-	116,269
Transfers Out	-	-	(3,195)	(3,195)	(2,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>114,319</u>	<u>114,319</u>	<u>111,124</u>	<u>(3,195)</u>	<u>114,269</u>
Net Change in Fund Balance	1,136	1,136	22,420	21,284	(5)
Fund Balance - Beginning of Year	<u>47,091</u>	<u>47,091</u>	<u>47,091</u>	-	47,096
Fund Balance - End of Year	<u>\$ 48,227</u>	<u>\$ 48,227</u>	<u>\$ 69,511</u>	<u>\$ 21,284</u>	<u>\$ 47,091</u>

CITY OF CASTROVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	SPECIAL REVENUE				
	Drainage Fund	Hotel Occupancy Fund	Alsatian House Fund	Biry House Fund	Library Memorial Fund
ASSETS					
Cash and Investments	\$ 262,796	\$ 66,428	\$ 9,437	\$ 8,305	\$ 2,014
Receivables (net of allowances for uncollectibles):					
Property Taxes	-	-	-	-	-
Other Receivables	-	16,549	-	-	-
Due from Other Funds	10,039	67	-	-	-
TOTAL ASSETS	<u>\$ 272,835</u>	<u>\$ 83,044</u>	<u>\$ 9,437</u>	<u>\$ 8,305</u>	<u>\$ 2,014</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ 64	\$ -	\$ -	\$ -
Accrued Expenditures	-	556	-	-	-
Due to Other Funds	37	-	-	-	-
<i>Total Liabilities</i>	<u>37</u>	<u>620</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Revenues	-	-	-	-	-
<i>Total Deferred Inflows of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>					
Restricted	-	82,424	-	-	2,014
Committed	272,798	-	9,437	8,305	-
<i>Total Fund Balances</i>	<u>272,798</u>	<u>82,424</u>	<u>9,437</u>	<u>8,305</u>	<u>2,014</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 272,835</u>	<u>\$ 83,044</u>	<u>\$ 9,437</u>	<u>\$ 8,305</u>	<u>\$ 2,014</u>

SPECIAL REVENUE

DEA Forfeiture Fund	Police Dept. Training Fund	Court Security Fund	Court Technology Fund	Debt Service Funds	Total Non Major Funds
\$ 918	\$ 5,863	\$ 35,360	\$ 12,271	\$ 116,105	\$ 519,497
-	-	-	-	684	684
-	-	-	-	-	16,549
-	-	42	48	-	10,196
<u>\$ 918</u>	<u>\$ 5,863</u>	<u>\$ 35,402</u>	<u>\$ 12,319</u>	<u>\$ 116,789</u>	<u>\$ 546,926</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64
-	-	-	-	-	556
-	-	-	-	46,594	46,631
-	-	-	-	46,594	47,251
-	-	-	-	684	684
-	-	-	-	684	684
918	5,863	35,402	12,319	69,511	208,451
-	-	-	-	-	290,540
<u>918</u>	<u>5,863</u>	<u>35,402</u>	<u>12,319</u>	<u>69,511</u>	<u>498,991</u>
<u>\$ 918</u>	<u>\$ 5,863</u>	<u>\$ 35,402</u>	<u>\$ 12,319</u>	<u>\$ 116,789</u>	<u>\$ 546,926</u>

CITY OF CASTROVILLE
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	SPECIAL REVENUE				
	Drainage Fund	Hotel Occupancy Fund	Alsatian House Fund	Biry House Fund	Library Memorial Fund
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	52,579	-	-	-
Charges for Services	104,445	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-
Interest Income	2,260	403	64	-	16
Miscellaneous	-	-	5,898	-	-
TOTAL REVENUES	<u>106,705</u>	<u>52,982</u>	<u>5,962</u>	<u>-</u>	<u>16</u>
EXPENDITURES					
<i>Current:</i>					
General Administration					
City Administration	-	30,794	9,356	864	-
Public Safety					
Municipal Court	-	-	-	-	-
Public Transportation					
Streets	113	-	-	-	-
<i>Debt Service:</i>					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL EXPENDITURES	<u>113</u>	<u>30,794</u>	<u>9,356</u>	<u>864</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>106,592</u>	<u>22,188</u>	<u>(3,394)</u>	<u>(864)</u>	<u>16</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	21,223	-	-	-
Transfers Out	(87,917)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(87,917)</u>	<u>21,223</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	18,675	43,411	(3,394)	(864)	16
Fund Balances at Beginning of Year	<u>254,123</u>	<u>39,013</u>	<u>12,831</u>	<u>9,169</u>	<u>1,998</u>
Fund Balances at End of Year	<u>\$ 272,798</u>	<u>\$ 82,424</u>	<u>\$ 9,437</u>	<u>\$ 8,305</u>	<u>\$ 2,014</u>

SPECIAL REVENUE

DEA Forfeiture Fund	Police Dept. Training Fund	Court Security Fund	Court Technology Fund	Debt Service Funds	Total Non Major Funds
\$ -	\$ -	\$ -	\$ -	\$ 91,686	\$ 91,686
-	-	-	-	-	52,579
-	-	4,903	6,537	-	115,885
-	1,253	-	-	-	1,253
-	-	247	68	1,715	4,773
555	-	-	-	-	6,453
<u>555</u>	<u>1,253</u>	<u>5,150</u>	<u>6,605</u>	<u>93,401</u>	<u>272,629</u>
-	-	-	-	-	41,014
-	-	969	527	-	1,496
-	-	-	-	-	113
-	-	-	-	157,000	157,000
-	-	-	-	25,105	25,105
-	-	969	527	182,105	224,728
<u>555</u>	<u>1,253</u>	<u>4,181</u>	<u>6,078</u>	<u>(88,704)</u>	<u>47,901</u>
-	-	-	-	114,319	135,542
-	-	-	-	(3,195)	(91,112)
-	-	-	-	111,124	44,430
555	1,253	4,181	6,078	22,420	92,331
363	4,610	31,221	6,241	47,091	406,660
<u>\$ 918</u>	<u>\$ 5,863</u>	<u>\$ 35,402</u>	<u>\$ 12,319</u>	<u>\$ 69,511</u>	<u>\$ 498,991</u>





CITY COUNCIL AGENDA REPORT

DATE: April 24, 2020

AGENDA OF: April 28, 2020

DEPARTMENT: City Council

SUBJECT: Ordinance on amending Ordinance 2020-007 extending the Declaration of Local Disaster.

RECOMMENDATION:

Discussion and possible action on extending the Declaration of Local Disaster for an additional time determined by the City Council and any additional measures be taken to help reduce the number of persons that could potentially be exposed to, or infected, or impacted by the COVID -19 virus.

BACKGROUND:

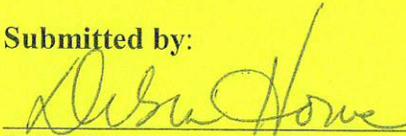
Mayor Santleben declared a public health emergency in Castroville on March 19, 2020 with an amendment on March 23, 2020. The City Council adopted Ordinance 2020-007 with Exhibit A on March 24, 2020. The City Council adopted Ordinance 2020-008 with Exhibit B on April 20, 2020.

FISCAL IMPACT/SOURCE OF FUNDING:

ATTACHMENTS:

An Ordinance amending 2020-007 with Exhibits A and B.

Submitted by:


Debra Howe, City Secretary

Approved by:

ORDINANCE NO. 2020-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CASTROVILLE AMENDING ORDINANCE NO. 2020-007 EXTENDING A DECLARATION OF LOCAL DISASTER; ESTABLISHING RULES AND REGULATIONS FOR THE DURATION OF THE DISASTER; RESTRICTING CERTAIN ACTIVITIES; ESTABLISHING PENALTIES FOR VIOLATIONS.

WHEREAS, in December 2019 a novel coronavirus, now designated COVID-19, was detected in Wuhan City, Hubei Province, China. Symptoms of COVID-19 include fever, cough, and shortness of breath. Outcomes have ranged from mild to severe illness, and in some cases death; and

WHEREAS, on January 30, 2020, the World Health Organization Director General declared the outbreak of COVID-19 as a Public Health Emergency of International Concern (PHEIC), advising countries to prepare for the containment, detection, isolation and case management, contact tracing and prevention of onward spread of the disease; and

WHEREAS, on March 5, 2020, the World Health Organization Director General urged aggressive preparedness and activation of emergency plans to aggressively change the trajectory of this epidemic; and

WHEREAS, on March 11, 2020, the World Health Organization declared that the COVID-19 outbreak should be characterized as pandemic; and

WHEREAS, the Center for Disease Control and Prevention is closely monitoring the growing number of COVID-19 cases that have spread into the United States; and

WHEREAS, over 1,629 cases of COVID-19 have been reported in the United States, including 41 deaths; and

WHEREAS, a large gathering of unidentifiable individuals without necessary mitigation for the spread of infection may pose a risk of the spread of infectious disease; and

WHEREAS, President Trump declared a national emergency on March 13, 2020; and

WHEREAS, Governor Greg Abbott declared a public health disaster on March 13, 2020; and

WHEREAS, the Center for Disease Control recommends that citizens stop handshaking, clean hands at the door, schedule regular hand washing, avoid touching faces and cover coughs and sneezes, disinfect surfaces like doorknobs, tables, desks, and handrails regularly, and increase ventilation by opening windows or adjusting air conditioning; and

WHEREAS, the Center for Disease Control recommends the use of videoconferencing for meetings when possible, and adjusting or postponing large meetings or gatherings; and

WHEREAS, the Center for Disease Control recommends citizens stay home if they are feeling sick or when they have a sick family member in their home; and

WHEREAS, households with vulnerable seniors and those with underlying health conditions should conduct themselves as if they were a significant risk to the person with underlying conditions; and

WHEREAS, the identification of “community spread” cases of COVID-19 in the United States could have signaled that transmission of the virus is no longer limited to those who traveled to China, or had contact with travelers who have visited China; and

WHEREAS, the COVID-19 virus spreads between people who are in close contact with one another through respiratory droplets produced when an infected person coughs or sneezes; and

WHEREAS, the continued worldwide spread of COVID-19 presents an imminent threat of widespread illness, which requires emergency action; and

WHEREAS, a declaration of local disaster includes the ability to take measures to reduce the possibility of exposure to disease, control the risk, and promote the health and safety of Castroville residents; and

WHEREAS, the City of Castroville will work collaboratively with Medina County to ensure that all appropriate and necessary measures are taken to limit the development, contraction and spread of COVID-19; and

WHEREAS, pursuant to the Texas Disaster Act of 1975, the mayor is designated as the emergency management director of the City of Castroville, and may exercise the powers granted to the governor on an appropriate local scale; and

WHEREAS, a declaration of local disaster and public health emergency includes the ability to reduce the possibility of exposure to disease, control the risk, promote health, compel persons to undergo additional health measures that prevent or control the spread of disease, including isolation, surveillance, quarantine, or placement of persons under public health observation, including the provision of temporary housing or emergency shelters for persons misplaced or evacuated and request assistance from the governor of state resources; and

WHEREAS, the Mayor has made a Declaration of Public Health Emergency, and further declared all rules and regulations that may inhibit or prevent prompt response to this threat suspended for the duration of the incident; and

WHEREAS, the Mayor, under the Texas Disaster Act of 1975, has authorized the use of all available resources of state government and political subdivisions to assist in the City’s response to this situation; and

WHEREAS, the Mayor has determined that extraordinary and immediate measures must be taken to respond quickly, prevent and alleviate the suffering of people exposed to and those infected with the virus, as well as those that could potentially be infected or impacted by COVID-19;

WHEREAS, the facts and circumstances have changed since Ordinance No. 2020-007 and the Mayor has determined that additional measures must be taken to reduce the number of persons that could potentially be exposed to, or infected or impacted by COVID-19.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CASTROVILLE:

- Section 1. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 2. That the local state of disaster and public health emergency is declared by Mayor Santleben for the City of Castroville pursuant to §418.108(a) of the Texas Government Code is hereby renewed and extended for a period ending [REDACTED], 2020, pursuant to §418.108(b) of the Government Code, including all rules and regulation attached hereto as Exhibit A.
- Section 3. Pursuant to §418.108(c) of the Government Code, this declaration of a local state of disaster and public health emergency shall be given prompt and general publicity and shall be filed promptly with the City Clerk.
- Section 4. Pursuant to §418.108(d) of the Government Code, this declaration of a local state of disaster and public health emergency activates the City of Castroville emergency management plan.
- Section 5. Pursuant to §418.020(c) of the Government Code, this declaration authorizes the City to commandeer or use any private property, temporarily acquire, by lease or other means, sites required for temporary housing units or emergency shelters for evacuees, subject to compensation requirements.
- Section 6. Pursuant to §122.005 of the Health and Safety Code, this declaration authorizes the City to prevent the introduction of a communicable disease into the municipality, including stopping, detaining, and examining a person coming from a place that is infected or believed to be infected with a communicable disease; establish, maintain, and regulate hospitals in the municipality or in any area within five miles of the municipal limits; or abate any nuisance that is or may become injurious to the public health by adopting rules necessary or expedient to promote health or suppress disease; or to prevent the introduction of a communicable disease into the municipality, including quarantine rules, and may enforce those rules in the municipality and in any area within 10 miles of the municipality.]
- Section 7. All ordinances or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters herein.
- Section 8. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 9. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 10. Any person, firm, corporation or agent who shall violate a provision of this ordinance, or fail to comply therewith, or with any other requirements thereof, shall be guilty of a Class C misdemeanor. Such person shall be considered guilty of a separate offense for each and every day or portion thereof during which any violation of any of the provisions of this article is committed or continued, and upon conviction of any such violation, such person shall be punished by a fine not to exceed \$2,000.00.

Section 11. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 12. This Ordinance shall be in force and effect from and after its final passage, and any publication required by law.

PASSED, ADOPTED, APPROVED, AND EFFECTIVE THE ____ DAY of APRIL, 2020.

CITY OF CASTROVILLE, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

**EXHIBITS A AND B
LOCAL DISASTER RULES AND REGULATIONS, AND ALL AMENDMENTS
THERE TO
(See Attachment)**

EXHIBIT A

Public Health Emergency Rules and Regulations and incorporating all amendments thereto.

COVID-19 Public Health Emergency Rules and Regulations

1. The virus that causes COVID-19 is easily transmitted, especially in group settings, and it is essential that the spread of the virus be slowed to protect the ability of public and private health care providers to handle an influx of patients and safeguard public health and safety.
2. Due to the risk of the rapid spread of the virus, and the need to protect the most vulnerable members of the community, this Declaration mandates that, until such time as this Declaration expires or is expressly revoked, as follows:
 - (a) Municipal buildings shall operate as follows:
 - City Library shall remain closed;
 - City Hall shall remain open;
 - Municipal Court shall remain open; and affected cases shall be rescheduled pursuant to the order(s) of the Municipal Judge;
 - Steinbach Visitors Center shall remain closed;
 - Regional Park shall remain closed for all events;
 - Regional Park RV Park shall remain closed to new reservations;
 - (b) Municipal employees are subject to the following:
 - Any municipal employee who has traveled outside of the country or in the states of California, Colorado or Washington from January 30, 2020 to the date of this declaration and thereafter shall not physically be present for work until such employee has seen a physician and has been cleared to return to work or self isolates, if employee feels he/she were exposed to COVID-19 as per CDC guidelines.

The City Administrator shall direct employees prohibited from being physically present for work to work at home to the extent practical.

3. For all other gatherings, it is strongly recommended that social distancing protocols established by the United States Centers for Disease Control and Prevention (CDC) and found within the "Implementation of Mitigation Strategies for Communities with Local COVID-19 Transmission" issued by the United States Centers for Disease Control and Prevention ("CDC") on or around March 11, 2020 (available online at www.cdc.gov/coronavirus/2019ncov/downloads/community-mitigation-strategy.pdf), as same may be updated from time to time.
4. Further, organizations that serve all populations particularly High Risk (as defined below) should follow CDC guidance for social distancing. "High-Risk" include people who are:
 - 60 years old and older;
 - People with certain health conditions such as heart disease, lung disease, diabetes, kidney disease and weakened immune systems;
 - People who are pregnant or were pregnant in the last two weeks.
 - People experiencing homelessness.

5. The restrictions set out in this Exhibit may be updated by amendment to this declaration, as necessary to respond to the evolving circumstances of this outbreak during the duration of the Mayor's Declaration of Public Health Emergency and any extension by the Castroville City Council.

ORDERED this 19th day of March, 2020 by the Mayor.

FIRST AMENDMENT TO DECLARATION OF PUBLIC HEALTH EMERGENCY IN CASTROVILLE, MEDINA COUNTY TEXAS

NOW, THEREFORE, BE IT PROCLAIMED BY THE CITY OF CASTROVILLE, MEDINA COUNTY, TEXAS.

1. That City Hall shall be subject to the following:
 - The lobby is closed temporarily;
 - Utility Payments will only be accepted in the drop-off boxes outside City Hall;
 - Municipal Court shall remain open but members of the public may only enter from the rear of building; and
 - All public restrooms shall be closed.
2. That except as amended herein the Declaration of Public Health Emergency in Castroville, Medina County, Texas on March 20, 2020 remains in full force and effect.

ORDERED this 23rd day of March, 2020 by the Mayor.

SECOND AMENDMENT TO DECLARATION OF PUBLIC HEALTH EMERGENCY IN CASTROVILLE, MEDINA COUNTY TEXAS

NOW, THEREFORE, BE IT PROCLAIMED BY THE CITY OF CASTROVILLE, MEDINA COUNTY, TEXAS.

1. That the City will waive the utilities cut-off date for the duration of this ordinance.

ORDERED this 24th day of March, 2020 by the City Council.

EXHIBIT B

FIRST AMENDMENT TO ORDINANCE NO. 2020-008

COVID-19 Public Health Emergency Rules and Regulations

The City Council has determined that additional proactive measures must be taken to respond to and slow the potential introduction, transmission, spread of COVID-19 in the City and surrounding jurisdiction as authorized by Texas Health and Safety Code 122.005.

1. Effective as of 11 :59 p.m. on April 20, 2020 (the "*Effective Date*") and continuing through 11 :59 p.m. on April 30, 2020, unless extended, modified or terminated early by City Council or as otherwise indicated below
 - a) **Cloth Face Coverings.** As of the Effective Date, all people 10 years or older must wear a cloth face covering over their nose and mouth when in a public place where it is difficult to keep six feet away from other people such as visiting a grocery store/pharmacy or working in areas that involve close proximity with other coworkers. Coverings may include homemade masks, scarfs, bandanas, or a handkerchief. Residents must continue to maintain social distancing of at least six feet while outside their residence.
 - b) As of the Effective Date, employers that are Exempted Businesses under Ordinance 2020-007 must provide face coverings and training for appropriate use to employees who are working in an area or activity which will necessarily involve close contact or proximity to co-workers or the public.
2. **IT IS STRONGLY RECOMMENDED THAT YOU NOT OBTAIN OR WEAR MEDICAL MASKS or N-95 RESPIRATORS AS THEY ARE A NEEDED RESOURCE FOR HEALTH CARE PROVIDERS AND FIRST RESPONDERS.** Our healthcare workers and first responders on the front-line combating COVID-19 must have priority access to medical masks or other personal protective equipment.
3. Face coverings *do not* need to be worn in the following circumstances:
 - When exercising outside or engaging in physical activity outside.
 - While driving alone or with passengers who are part of the same household as the driver.
 - When doing so poses a greater mental or physical health, safety or security risk.
 - While pumping gas or operating outdoor equipment.
 - While in a building or activity that requires security surveillance or screening, for example, banks.
 - When consuming food or drink.
4. Please note that face coverings are a secondary strategy to other mitigation efforts. **Face coverings are *not* a replacement for social distancing, frequent handwashing, and self-isolation when sick.** All people should follow CDC recommendations for how to wear and take off a mask.

5. Residents must keep up the following habits while in public:
 - Washing your hands before you leave home and when you return.
 - Staying at least six feet away from others.
 - Avoiding touching your nose or face.
 - Not using disposable masks more than three times.
 - Washing reusable cloth masks regularly to prevent the spread of the virus.
6. Remember the best protection is to stay at home.
7. The provisions contained herein constitute and act as a supplement to all orders currently in effect.

ORDERED this 20th day of April, 2020 by the City Council of the City of Castroville, Texas.



CITY COUNCIL AGENDA REPORT

DATE: April 24, 2020

AGENDA OF: April 28, 2020

DEPARTMENT: City Administration

SUBJECT: Escrow Service Agreement and Utility Service Agreement Ordinance

RECOMMENDATION:

Consideration and action on an ordinance by the city council of the City of Castroville, Texas authorizing the execution of an escrow agreement and utility service agreement relating to Alsatian Oaks Development and other matters in connection therewith.

BACKGROUND: Section 3.05 of the Development Agreement contemplates the need for the improvements to the City's water and wastewater utility systems (together, the Systems) that are outside the boundaries of the Property, which improvements will expand the capacity of the Systems to allow for the provision of water and wastewater utility service to the planned Development and extend Systems infrastructure to the Property's border (such Systems improvements are defined in the Development Agreement as the "Phase I System Improvements" and are herein referred to as the Offsite Improvements; and

and Section 3.05 of the Development Agreement requires the Developer to pay the costs of the Offsite Improvements that are in excess of any amounts made available by the City in satisfaction of a portion of such costs; and

the City has identified \$868,200 in available City funds (the City Contribution) to contribute to the cost of the design (\$46,200) and construction (\$822,000) of the Offsite Improvements that relate to the production and distribution of potable water; and

in satisfaction of its obligations under the Development Agreement, the Developer desires to deliver to Texas Investors Title, as escrow agent under the hereinafter-defined Escrow Agreement (the Escrow Agent), the amount of \$4,588,150 (the Developer Contribution), representing a total, estimated cost of the Offsite Improvements of \$5,406,150, plus Offsite Improvements due diligence costs of \$50,000, less the City Contribution, in accordance with Schedule I of the Escrow Agreement, which Developer Contribution shall be delivered to, held by, and expended by the Escrow Agent pursuant to and accordance with the terms of the an agreement (the Escrow Agreement) by and among the City, Developer, and the Escrow Agent.

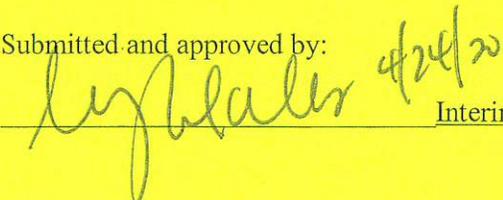
DISCUSSION: See above

FISCAL IMPACT/SOURCE OF FUNDING:

N/A

ATTACHMENTS/ADDITIONAL INFORMATION:

Submitted and approved by:

 4/24/20

Interim City Administrator/Finance Director

ORDINANCE NO. 2020-_____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF CASTROVILLE, TEXAS AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT AND UTILITY SERVICE AGREEMENT RELATING TO ALSATIAN OAKS DEVELOPMENT AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Council (the *Council*) of the City of Castroville, Texas (the *City*) recognizes the importance of its continued role in local economic development and protection of the health, safety, and welfare of its inhabitants; and

WHEREAS, by Ordinance No. 2019-014 adopted by the City on September 24, 2019 (the *Development Ordinance*), the City established an Economic Development Program pursuant to article III, section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code, as amended (*Chapter 380*); and

WHEREAS, pursuant to the Development Ordinance and in furtherance of the Economic Development Program, the City authorized a development agreement (the *Development Agreement*) with HWY 90 Castroville Partners, Ltd. (the *Developer*) pursuant to which the City and the Developer are obligated to undertake specified actions relative to the development that is the subject of the Development Agreement (such development, the *Development*; the property that is the subject of the Development Agreement and the location of the Development, the *Property*); and

WHEREAS, Section 3.05 of the Development Agreement contemplates the need for improvements to the City's water and wastewater utility systems (together, the *Systems*) that are outside the boundaries of the Property, which improvements will (i) expand the capacity of the Systems to allow for the provision of water and wastewater utility service to the planned Development and (ii) extend Systems infrastructure to the Property's border (such Systems improvements are defined in the Development Agreement as the "Phase I System Improvements" and are herein referred to as the *Offsite Improvements*); and

WHEREAS, Section 3.05 of the Development Agreement requires the Developer to pay the costs of the Offsite Improvements that are in excess of any amounts made available by the City in satisfaction of a portion of such costs; and

WHEREAS, the City has identified \$868,200 in available City funds (the *City Contribution*) to contribute to the cost of the design (\$46,200) and construction (\$822,000) of the Offsite Improvements that relate to the production and distribution of potable water; and

WHEREAS, in satisfaction of its obligations under the Development Agreement, the Developer desires to deliver to Texas Investors Title, as escrow agent under the hereinafter-defined Escrow Agreement (the *Escrow Agent*), the amount of \$4,588,150 (the *Developer Contribution*), representing a total, estimated cost of the Offsite Improvements of \$5,406,150, plus Offsite Improvements due diligence costs of \$50,000, less the City Contribution, in accordance with

Schedule I of the Escrow Agreement, which Developer Contribution shall be delivered to, held by, and expended by the Escrow Agent pursuant to and accordance with the terms of the an agreement (the *Escrow Agreement*) by and among the City, Developer, and the Escrow Agent; and

WHEREAS, the Developer's funding of the Developer Contribution in accordance with the provisions of the Escrow Agreement shall satisfy the Developer's financial obligation under Section 3.05(a) of the Developer Agreement regarding the Phase I System Improvements; and

WHEREAS, the Development Agreement requires the Developer to design, construct, and finance all requisite Systems improvements within the boundaries of the Property that are necessary for providing water and wastewater utility service to the Development (such Systems improvements, the *Onsite Improvements*); and

WHEREAS, the completion of the Offsite Improvements will allow for the Developer's connection of the Onsite Improvements to the Systems, providing to the Development water and wastewater utility service; and

WHEREAS, the City and the Developer desire to enter into an agreement (the *Utility Services Agreement*) to memorialize the terms and conditions by which (i) the Developer will deliver to the Escrow Agent the Developer Contribution, (ii) the Offsite Improvements and Onsite Improvements will be designed, constructed, and (as applicable) dedicated to the City and made a part of the Systems, and (iii) capacity of the Systems resultant from the completion of the Offsite Improvements is reserved for the purpose of providing water and wastewater utility service to the Development; and

WHEREAS, the Council finds that the adoption of this Ordinance is in the best interests of the residents of the City; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CASTROVILLE, TEXAS THAT:

SECTION 1. Approval of Escrow Agreement; Adoption of Representations and Warranties. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and general laws of the State of Texas, including (particularly) Chapter 212, as amended, Texas Local Government Code (*Chapter 212*), the City hereby authorizes its entry into the Escrow Agreement, in the form attached hereto as Exhibit A, with the Developer and the Escrow Agent. The City hereby adopts as its own the representations and warranties of the City included in, and recognizes and accepts its duties and obligations (subject to any limitations therein specified) under the Escrow Agreement, which provisions are incorporated by reference in this Ordinance as though herein replicated.

SECTION 2. Approval of Utility Service Agreement; Adoption of Representations and Warranties. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and general laws of the State of Texas, including (particularly) Chapter 212 , the City hereby authorizes its entry into the Utility Services Agreement, in the form attached hereto as Exhibit B, with the Developer. The City hereby adopts as its own the representations and warranties of the City included in, and recognizes and accepts its duties and obligations (subject

to any limitations therein specified) under the Utility Services Agreement, which provisions are incorporated by reference in this Ordinance as though herein replicated.

SECTION 3. Ratification of Prior Actions; Authorization of Mayor to Execute Documents. All actions necessary or incidental to the adoption of this Ordinance by the Council, whether heretofore or hereafter taken, are hereby ratified and approved as the act and deed of the City for all purposes. The Council hereby authorizes the Mayor, on behalf of the City, to execute the Escrow Agreement, the Utility Service Agreement, and any other document, agreement, certification, representation, warranty, or receipt relating to the Escrow Agreement and the Utility Service Agreement, the transactions thereunder contemplated, or that are necessary or desirable to effectuate the intent and purpose of the Escrow Agreement, the Utility Service Agreement, or this Ordinance, any of which executions shall be binding on the City as the act and deed thereof.

SECTION 4. Term of Authorization. Time is of the essence regarding the Development. Accordingly, if the counterparts to the Escrow Agreement and the Utility Service Agreement are not executed by both the Developer and the Escrow Agent within 30 days of the date hereof, the signature of the Mayor shall be null and void, and the Escrow Agreement and the Utility Service Agreement may not become effective without subsequent consideration and approval of the Council. The Council may, at any time prior to the execution of the Escrow Agreement and the Utility Service Agreement by the Developer and Escrow Agent, revoke the authorizations provided in Section 1 or 2 hereof, as applicable, upon written notice to the Developer and the Escrow Agent at the addresses provided for them in the Escrow Agreement and the Utility Service Agreement.

SECTION 5. Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

SECTION 6. Inconsistent Provisions. All Ordinances and resolutions of the City, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters provided herein.

SECTION 7. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 8. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 9. Construction. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Ordinance and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Ordinance.

SECTION 10. Compliance with Texas Open Meetings Act. It is officially found, determined, and declared that the meeting of the City at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 11. Effective Date. This Ordinance shall be in force and effect from and after its final passage, and it is so Ordained.

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PASSED AND ADOPTED this 28th day of April, 2020.

CITY OF CASTROVILLE, TEXAS

Phyllis Santleben
Mayor

ATTEST:

Debra Howe
City Secretary

(CITY SEAL)

EXHIBIT A

Escrow Agreement

ESCROW AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF MEDINA §
 §
CITY OF CASTROVILLE §

THIS ESCROW AGREEMENT (this *Agreement*) is made effective this 28th day of April, 2020 (the *Effective Date*), by and among HWY 90 CASTROVILLE PARTNERS, LTD. (the *Developer*), the City of Castroville, Texas (the *City*), and Texas Investors Title (the *Escrow Agent*). Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the hereinafter-defined Development Agreement, a copy of which is attached hereto as Exhibit A and is herein incorporated for all purposes.

WITNESSETH

WHEREAS, the City and the Developer have entered into that certain Development Agreement (the *Development Agreement*), pursuant to which the City and the Developer are obligated to undertake specified actions relative to the development that is the subject of the Development Agreement (such development, the *Development*); and

WHEREAS, Section 3.05 of the Development Agreement requires the Developer to pay the costs of the Phase I System Improvements; and

WHEREAS, the City has identified \$868,200 in available City funds (the *City Contribution*) to contribute to the cost of the design (\$46,200) and construction (\$822,000) of the Phase I System Improvements that relate to the production and distribution of potable water (the *Potable Water Improvements*); and

WHEREAS, in satisfaction of its obligations under the Development Agreement, the Developer hereby agrees to deliver to the Escrow Agent the estimated amount of \$4,587,950, subject to adjustment as specified in Schedule I hereto (the *Developer Contribution*), representing a total, estimated cost of the Phase I System Improvements of \$5,406,150, plus Phase I System Improvements estimated due diligence costs of \$50,000, less the City Contribution, in accordance with the schedule attached hereto as Schedule I; and

WHEREAS, the Developer's funding of the Developer Contribution in accordance with the provisions of this Agreement shall satisfy the Developer's obligation under Section 3.05(a) of the Developer Agreement; and

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants contained herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Developer, the City, and the Escrow Agent agree as follows:

1. Acceptance by the Escrow Agent of Escrowed Funds. The Escrow Agent shall act as escrow agent hereunder. By the times and in the amounts specified in Schedule I hereto, the Developer shall deliver to the Escrow Agent, in installments as specified in the aforementioned Schedule I, the Developer

Contribution in immediately available funds (such Developer Contribution, upon delivery to the Escrow Agent, are referred to as the *Escrowed Funds*). The Escrow Agent agrees to hold and disburse the Escrowed Funds in strict accordance with the provisions of this Agreement.

In addition to the foregoing, and to the extent that the Phase I System Improvements require additional funds to complete because of change orders or otherwise (which amounts and timing of delivery of such additional funds have been agreed to by the Developer and the City), the Developer Contribution shall be increased by the amount of such increase and, upon delivery to the Escrow Agent, shall also be deemed Escrow Funds.

If, upon completion of a task identified in Schedule I hereto, there remains in the hereinafter-defined Escrow Account additional and unspent Escrowed Funds (as determined by the Developer and the hereinafter-defined City Engineer), such amount of unspent Escrowed Funds shall be applied to the cost of the succeeding task identified in Schedule I and the amount of the next Developer Contribution installment applicable to such successive task shall be reduced by a like amount.

2. Establishment of Escrow Account; Deposit and Investment of Escrowed Funds. The Escrow Agent has created on its books a special, interest bearing trust account and irrevocable escrow to be known as the "City of Castroville, Texas Alsatian Oaks Phase I System Improvements Escrow Account" (the *Escrow Account*) for the benefit of the City and the Developer. Amounts from time to time on deposit in the Escrow Account shall be the property of the Escrow Account and shall be applied only in strict conformity with the terms and conditions of this Agreement. When the final transfers have been made from the Escrow Account pursuant to the terms of this Agreement, the Escrow Agent shall thereupon be discharged from any further duties pertaining to the Escrow Account.

Immediately upon its receipt of the same, the Escrow Agent shall deposit the Escrowed Funds to the Escrow Account. All interest accruing on amounts held in the Escrow Account such shall be considered Escrowed Funds and shall be added to and become part of the Escrow Account. Developer and City agree that Escrow Agent shall have no responsibility under this Agreement except for the investment and disbursement of the Escrowed Funds in accordance with this Agreement.

The Escrow Agent shall hold at all times the Escrow Account, the Escrowed Funds, and all other assets of the Escrow Account wholly segregated on its books from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Funds or any other assets of the Escrow Account to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Account only as set forth herein. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City or the Developer, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and the Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts, or checks drawn by the City or the Developer.

3. Utilization of Escrowed Funds. The City and Developer have agreed to the scope and estimated costs of the Phase I System Improvements. The City and the Developer have also agreed, as specified in Schedule II hereof, to the allocation of estimated costs of those Phase I System Improvements that are Potable Water Improvements that will be paid from the City Contribution and the Developer Contribution, respectively. Accordingly, the Developer and the City agree that the City, acting through the City Administrator or the City's Public Works Director, shall within five (5) business days of its receipt

of the same, direct the Escrow Agent to disburse the Escrowed Funds for payment of the Phase I System Improvement costs upon delivery to the Escrow Agent of the following:

- a. An accounting, prepared by RESPEC, the City's engineer (the *City Engineer*), evidencing (i) those Phase I System Improvements the costs of which are the subject of the submission to the Escrow Agent for payment from Escrowed Funds as a component of all Phase I System Improvements, (ii) the actual costs of such Phase I System Improvements in comparison to the estimated costs of the same, and (iii) the portion of such Phase I System Improvements to be paid from the Developer Contribution and the City Contribution, respectively.
- b. Copies of invoices, accompanied by a certification from the City Engineer, that the Phase I System Improvements, the costs of which are to be paid from Escrowed Funds or City Contribution, have been completed in accordance with the design criteria, plans and specifications, or other agreement regarding the scope and estimated costs of the Phase I System Improvements previously agreed to by the Developer and the City.
- c. The Developer's certification, in substantially the form attached hereto as Exhibit B, that it is in agreement with the payment of the subject Phase I System Improvement costs from the Escrowed Funds.
- d. Instructions for payment of the subject Phase I System Improvement costs from Escrowed Funds.

No further actions of the City, including approval of City Council, or instructions are necessary or required for the disbursement of the funds held in the Escrow Accounts other than those herein specified. Any excess balance held in the Escrow Account at the time of termination of this Agreement shall be returned to the Developer.

4. Compensation. The City and the Developer have agreed to pay the Escrow Agent the sum of \$0.00 for the administration of this Agreement. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder and the Escrow Agent agrees to perform such request(s), the City and the Developer hereby agree to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, including counsel fees, and the Escrow Agent hereby agrees to look only to the City and the Developer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Account for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses. Notwithstanding the foregoing, and notwithstanding anything else herein to the contrary, the aggregate value of this Agreement shall not exceed the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code, as amended.

5. Termination. This Escrow Agreement shall terminate when the Escrowed Funds have been fully released and disbursed in accordance with the provisions of this Agreement, or upon such earlier date as instructed, in writing, by the Developer and the City to the Escrow Agent.

6. Duties of the Escrow Agent; Limitations of Liability; Indemnity.

- a. The duties of the Escrow Agent are only as specifically provided herein and are purely ministerial in nature and not discretionary. The Escrow Agent shall have no obligation or liability hereunder except as a depository to retain the Escrowed Funds and to dispose of the same in accordance with the terms of this Agreement. The Escrow Agent shall not be bound by or incur any liability with respect to the Development Agreement except as herein expressly provided.
- b. The Escrow Agent shall not be liable to anyone for any mistake of fact or error in judgment, or for any acts or provisions of any kind taken in good faith and believed by it to be authorized or within the rights or powers conferred by this Agreement, except in the case of Escrow Agent's willful misconduct or gross negligence. The Escrow Agent shall not be liable for default by any party hereto because of such party's failure to perform any duties or obligations said party has agreed to perform, and shall have no responsibility to seek performance by any party; nor shall it be liable for the lapse or barring of any rights under any statutes of limitation in respect of any documents or items deposited with it hereunder. The Escrow Agent shall not be liable in any respect on account of the identity, authority, or rights of persons executing or delivering, or purporting to execute or deliver, any document or item hereunder, and may rely and be protected in acting upon any item, document, or other writing believed by it in good faith to be authentic in performing its duties hereunder. The Escrow Agent may, as a condition to the disbursement of money or property, require from the payee or recipient a receipt therefor.
- c. In the event of any conflicting demands made upon the Escrow Agent, it may withhold performance under this Agreement until said conflicting demands are withdrawn or until the rights of the respective parties shall have been settled by a court of competent jurisdiction. The Escrow Agent may institute any interpleader action, suit or proceeding it deems appropriate to determine judicially any dispute between the Developer and the City which may arise hereunder and receive its reasonable and necessary attorney's fees and, by reason thereof, shall not be or become liable to the Developer or the City, or both of them, for the failure of the Escrow Agent to comply with the conflicting or adverse demands of the Developer or the City or of any other persons or entities claiming an interest in the Escrowed Funds
- d. The Escrow Agent assumes no liability and the parties hereto consent and agree that the Escrow Agent shall have no liability for any defalcation, insolvency, receivership or conservatorship of any depository institution at which the Escrowed Funds are invested.
- e. The Escrow Agent shall have no liability based on any of the parties (other than the Escrow Agent) filing for bankruptcy or the consequences or effect of such a bankruptcy on the funds and/or documents deposited hereunder.
- f. Should the Escrow Agent become involved in litigation in any manner whatsoever on account of this Agreement or the Escrowed Funds, in the absence of negligence or bad faith on the part of the Escrow Agent, the City hereby binds and obligates itself to pay, to

the extent permitted by law, the Escrow Agent in addition to any charge made hereunder for acting as the Escrow Agent, reasonable attorney's fees incurred by the Escrow Agent, and any other disbursements, expenses, losses, costs, and damages in connection with and resulting from such litigation. The Escrow Agent's right to indemnification shall survive the resignation or removal of the Escrow Agent and the termination of this Agreement.

7. Replacement of and Resignation by the Escrow Agent. The Escrow Agent may resign at any time by giving ten (10) days' prior written notice to all parties hereto, but will continue to serve until a successor is appointed. The Developer and the City shall have the right at any time and with or without cause to remove the Escrow Agent by joint written notice to the Escrow Agent. In the event of the resignation or removal of the Escrow Agent or in the event the Escrow Agent for any reason is unable to serve or fails to continue to serve as the Escrow Agent hereunder, the Developer and the City may by joint written notice appoint a successor escrow agent. Upon such an occurrence, the Escrow Agent shall transfer the amounts in the Escrow Account to the successor escrow agent, upon the written authorization of the Developer and the City. Any successor escrow agent will have the same rights and duties as the original Escrow Agent and will be governed by the terms and conditions set forth in this Agreement, including, without limitation, the terms and conditions relating to resignation, removal and succession set forth in this Section 6.

8. Covenants. The City and the Developer covenant that each will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Agreement. Each party hereto covenants to the others that it is duly authorized under the laws of the State of Texas to execute and deliver this Agreement and to perform its respective duties and obligations hereunder.

9. Interpretation of Agreement. In the event of any disagreement or controversy hereunder or if conflicting demands or notices are made upon the Escrow Agent growing out of or relating to this Agreement or in the event that the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, the City and the Developer expressly agree and consent that the Escrow Agent shall have the absolute right at its election to:

- a. withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and
- b. file a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves. Nothing in this paragraph is intended to create or expand upon any right that the Escrow Agent would otherwise have available to it under applicable law to commence an interpleader or to alter the obligations of the Escrow Agent under this Agreement.

The Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall, in the absence of negligence or bad faith on the part of the Escrow Agent, incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

10. Liability; Reliance; Assignment. The Escrow Agent shall not be responsible or liable to any person in any manner whatsoever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the Issuer, or for the identity or authority of any person making or executing this Agreement for and on behalf of the City or the Developer. The Escrow Agent is authorized by the City and the Developer to rely upon the respective representations of the City and the Developer with respect to this Agreement and the deposits made pursuant hereto and as to the City's and the Developer's respective right and power to execute and deliver this Agreement, and the Escrow Agent shall not be liable in any manner as a result of such reliance. The duty of the Escrow Agent hereunder shall only be to the City and the Developer. No party hereto shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest without the written consent of each of the other parties to this Agreement.

11. Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited (S.B. 252 85th Texas Legislature). The Escrow Agent represents that neither it nor any of its parent company, any wholly- or majority-owned subsidiaries, or other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable Texas or federal law and excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

12. Notice. In the event any party hereunder desires or is required to give any notice to any other party, such notice shall be deemed delivered when the notifying party deposits same in the United States mail, certified mail, return receipt requested, postage prepaid, addressed to the person or entity at the address set forth below such party's signature hereto.

13. No Oral Modification; Amendments in Writing. This Agreement may not be modified, amended or altered except by an agreement in writing signed by the Developer, the City, and the Escrow Agent; provided, however, that Schedules I and II hereto may be modified upon delivery to the Escrow Agent of a replacement therefor, executed by representatives of each of the Developer and the City.

14. Governing Law. This Agreement has been prepared, is being executed and delivered, and is intended to be performed in the State of Texas, County of Medina, City of Castroville, and the substantive laws of such state and county shall govern the validity, construction, enforcement and interpretation of this Agreement.

15. Severability. If any covenant, provision, or agreement of this Agreement shall be held illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and that this Agreement shall otherwise continue in full force and effect. It is the further intention of the parties that in lieu of each covenant, provision, or agreement of this instrument that is held illegal, invalid, or unenforceable, thereby added as a party hereof a clause or provision as may be possible and be legal, valid and enforceable clause or provision as may be possible and be legal, valid, and enforceable.

16. Entirety. This Agreement embodies the entire agreement between the parties, and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof.

17. Binding Effect and Assignment. The terms of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives; provided, however, that neither party hereto may, without the prior written consent of the other, assign any rights, powers, duties, or obligations hereunder; provided further, however, that this Agreement shall not inure to the benefit of any party other than the parties to this Agreement.

18. Headings. Section headings are for convenience of reference only and shall in no way affect the interpretation of this Agreement.

19. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken shall constitute one and the same agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart.

20. Time of the Essence. Time is of the essence of this Agreement.

21. Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

* * *

EXECUTED by the parties hereto, on this the 28th day of April, 2020.

CITY OF CASTROVILLE, TEXAS

By: _____

Name: _____

Title: _____

Address: 1209 Fiorella Street
Castroville, Texas 78009

HWY 90 CASTROVILLE PARTNERS, LTD.

By: _____

Name: _____

Title: _____

Address: P.O Box 790209
San Antonio, Texas 78279

TEXAS INVESTORS TITLE

By: _____

Name: _____

Title: _____

Address: _____

SCHEDULE I

Developer Contribution Delivery Schedule

TASK	INSTALLMENT AMOUNT	INSTALLMENT DUE DATE
Due Diligence	\$50,000	May 1, 2020
Phase I System Improvements Design*	\$681,175	Two weeks from results of due diligence efforts confirming assumptions of City Engineer Report Concerning Phase I System Improvements
Phase I System Improvements Construction**	\$3,856,775	At time of City execution of Phase I System Improvements construction contracts

* Subject to adjustment based on agreed-upon design cost by City engineer and Developer Engineer and any remaining funds at such time on deposit in the Escrow Fund.

** Subject to adjustment based on actual construction costs (as determined at time of award of construction contract(s)) and any remaining funds at such time on deposit in the Escrow Fund.

SCHEDULE II

Phase I System Improvement Cost Allocation
City Contribution/Developer Contribution

PHASE I SYSTEM IMPROVEMENT	CITY SHARE OF TOTAL COST	DEVELOPER SHARE OF TOTAL COST
Due Diligence and Escrow Fee	None	Entirety of cost
Water System Design	\$46,200	Balance of cost
Water System Construction	\$822,000	Balance of cost
Wastewater System Design	None	Entirety of cost
Wastewater System Construction	None	Entirety of cost

EXHIBIT A

Development Agreement

EXHIBIT B

Developer's Escrowed Funds Withdrawal Approval Certificate

STATE OF TEXAS §
 §
COUNTY OF MEDINA §

I, the undersigned, being an authorized representative of HWY 90 Castroville Partners, Ltd. (the *Developer*), in such capacity and in connection with this Developer's Approval Certificate (the *Certificate*), made pursuant to that certain Escrow Agreement, dated as of April 28, 2020 (the *Escrow Agreement*), between the Developer and the City of Castroville, Texas (the *City*), do hereby certify as follows:

1. I or my consultants and advisors have reviewed the costs of the Phase I System Improvements that have been incurred and as of the date of this Certificate remain outstanding and unpaid in an amount equal to \$_____, and find them to be duly incurred and authorized expenditures of the Escrowed Funds held by the Escrow Agent.

2. The Developer hereby authorizes the Escrow Agent to withdraw Escrowed Funds from the Escrow Account in an amount equal to \$_____ to pay the Phase I System Improvements costs identified in Clause 1 above.

3. The Phase I System Improvements costs identified in Clause 1 above shall be [paid entirely from the Escrowed Funds identified in Clause 2 above] [paid from the Escrowed Funds identified in Clause 2 above and paired with \$_____ in City Contribution to fully satisfy such amount].

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Escrow Agreement.

WITNESS MY HAND, this the ___ day of _____, 20__.

HWY 90 CASTROVILLE PARTNERS, LTD.

By: _____

Name: _____

Title: _____

Address: P.O Box 790209
San Antonio, Texas 78279

EXHIBIT B

Utility Service Agreement

UTILITY SERVICE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF MEDINA §
 §
CITY OF CASTROVILLE §

This Utility Service Agreement (including the General Conditions, the Special Conditions, and the Attachments hereto, this *Agreement*) is entered into by and between the CITY OF CASTROVILLE, TEXAS (the *City*) and HWY 90 CASTROVILLE PARTNERS, LTD (the Developer). The City and the Developer are herein referred to generally as a *Party* and, together, the *Parties*. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the hereinafter-defined Development Agreement, a copy of which is attached hereto as Attachment IV.

WITNESSETH

WHEREAS, the City and the Developer have entered into that certain Development Agreement (the *Development Agreement*), pursuant to which the City and the Developer are obligated to undertake specified actions relative to the development that is the subject of the Development Agreement (such development, the *Development*; the property that is the subject of the Development Agreement and the location of the Development, the *Property*); and

WHEREAS, Section 3.05 of the Development Agreement contemplates the need for improvements to the City's water and wastewater utility systems (respectively, the *Water System* and the *Wastewater System* and, together, the *Systems*) that are outside the boundaries of the Property, which improvements will (i) expand the capacity of the Systems to allow for the provision of water and wastewater utility service to the planned Development and (ii) extend Systems infrastructure to the Property's border (such Systems improvements are defined in the Development Agreement as the "Phase I System Improvements" and are herein referred to as the *Offsite Improvements*); and

WHEREAS, as evidenced in the Engineering Report Regarding Offsite Improvements attached hereto as Attachment III, the total estimated cost for the Offsite Improvements is \$5,406,150, plus Phase I System Improvements due diligence costs of \$50,000 (such total amount, the *Offsite Improvements Costs*); and

WHEREAS, Section 3.05 of the Development Agreement requires the Developer to pay the costs of the Offsite Improvements that are in excess of any amounts made available by the City in satisfaction of a portion of such costs; and

WHEREAS, the City has identified \$868,200 in available City funds (the *City Contribution*) to contribute to the costs of designing and constructing the component of the Offsite Improvements that is attributable to improving the Water System (the *Offsite Water System Improvements*); and

WHEREAS, the Developer, the City, and Texas Investors Title, as escrow agent (the *Escrow Agent*), have entered into the Escrow Agreement, dated as of April 28, 2020 (the *Escrow Agreement*, a copy of which is attached hereto as Attachment V), pursuant to which the Developer has agreed, in satisfaction of its obligations under Section 3.05(a) of the Development Agreement relating to the Offsite Improvements, to deliver into escrow an aggregate estimated amount of \$4,587,950 (the *Developer Contribution*), which amount, when added to the City Contribution, equals the Offsite Improvements Costs; and

WHEREAS, the Development Agreement requires the Developer to design, construct, and finance all requisite Systems improvements within the boundaries of the Property that are necessary for providing water and wastewater utility service to the Development (such Systems improvements, the *Onsite Improvements*); and

WHEREAS, the completion of the Offsite Improvements will allow for the Developer's connection of the Onsite Improvements to the Systems, providing to the Development water and wastewater utility service; and

WHEREAS, the Parties now desire to enter into this Agreement to memorialize the terms and conditions by which (i) the Developer will deliver to the Escrow Agent the Developer Contribution, (ii) the Offsite Improvements and Onsite Improvements will be designed, constructed, and (as applicable) dedicated to the City and made a part of the Systems, and (iii) capacity of the Systems resultant from the completion of the Offsite Improvements is reserved for the purpose of providing water and wastewater utility service (together, *Service*) to the Development; and

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants contained herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Developer and the City hereby agree as follows.

1. Interpretation of Agreement.

- a. The Parties acknowledge that the Service contemplated by this Agreement shall be provided in accordance with the applicable Governing Regulations identified in Section 3.01(b) of the Development Agreement. In the event the specific terms of this Agreement conflict with the Governing Regulations, the specific terms of this Agreement shall apply. The above notwithstanding, for the specific conflicting terms to prevail, the conflict must be expressly noted in this Agreement. The Parties further acknowledge that this Agreement is subject to future acts of the City Council with respect to the adoption or amendment of Impact Fee and rate ordinances or resolutions.
- b. The Parties agree that the purpose of this Agreement is the reservation and dedication of 586 living unit equivalents (*LUEs*) of each of municipal retail utility water and wastewater service for provision of Service to the Development. Any rights that the Developer claims arise under Chapter 245, as amended, Texas Local Government ("Chapter 245") or Chapter 43, as amended, Texas Local Government Code, that are related to this Agreement shall be governed by the applicable provisions of the Development Agreement, particularly being Section 3.01(b) thereof and Article 6, respectively.
- c. The Parties agree and understand that the Offsite Improvements will not provide Systems capacity sufficient to provide Service to the entirety of the Development. In addition to the LUEs described in Section 1.b above, the Development is anticipated to require 769 additional LUEs of each of municipal retail utility water and wastewater service for provision of Service to the Development, as contemplated in the Development Agreement; rather, the Parties estimate that the Systems capacity reserved to provision of Service to the Development pursuant to the terms of this Agreement (hereinafter-defined and identified as Guaranteed Capacity and measured in reserved or dedicated LUEs) represents approximately 43% of the total Systems

capacity needed to provide Service to the Development at build-out. The development and dedication of additional Systems capacity needed to provide Service to the balance of the Development (after application of the Guaranteed Capacity that is the subject of this Agreement), referred to in the Development Agreement as the "Phase II System Improvements", shall be the subject of a separate Utility Service Agreement to be entered into between the Parties at a future date pursuant to the terms of the Development Agreement.

2. Obligation Conditioned. The City's obligation to provide Service to the Property is conditioned upon present rules, regulations and statutes of the United States of America and the State of Texas and any court order that directly affects the City or its ownership and operation of the Systems. The Developer acknowledges that if the rules, regulations and statutes of the United States of America and/or the State of Texas that are in effect upon the Effective Date are repealed, revised or amended to such an extent that the City becomes incapable of, or is prevented from, providing the Service, then no liability of any nature is to be imposed upon the City as a result of the City's compliance with such legal or regulatory mandates. The City agrees that it will use its best efforts to prevent the enactment or to mitigate the impact of such legal or regulatory mandates.

3. Term.

- a. The term of this Agreement shall be ten (10) years from the Effective Date, subject to extension in the same manner as extension of the Developer's obligations under the Development Agreement pursuant to Section 10.03(l) thereof (which provisions are incorporated by reference as though herein reproduced), unless extended by mutual agreement, evidenced in writing, by the City and the Developer. Certain City obligations (described in Section 3.c below) may survive the expiration of the term of this Agreement if (i) all Impact Fees applicable to the Development have been paid (which Impact Fees represent the source of the Developer reimbursement of the Developer Contribution pursuant to the terms of the Development Agreement), and (ii) the Developer has complied with all requirements concerning Offsite Improvements and Onsite Improvements as are described, as applicable, in this Agreement, the Escrow Agreement, and the Development Agreement.
- b. To the extent that the City's obligations do not survive the expiration of this Agreement, the Developer understands and agrees that a new Utility Service Agreement must be entered into with the City to receive Service to the Development.
- c. Provided compliance with clauses (i) and (ii) of Section 3.a above has occurred, the following obligations shall survive expiration of this Agreement.
 - i. The City's recognition of the living equivalent units (*LUEs*) to be provided by the Systems to the Development in the form of Service, as specified in S.C. 1.00 hereof, as the *Guaranteed Capacity*.
 - ii. The City's continued provision of Service to retail customers located in the Property, so long as such customers pay for the Service and comply with the regulations applicable to individual customers (including payment of rates for Service, as from time to time specified by City ordinance or resolution).

4. Entire Agreement. The following documents attached hereto and incorporated herein are

as fully a part of this Agreement as if herein repeated in full, together with this Agreement, comprise the Agreement in its entirety:

Attachment I:	General Conditions
Attachment II:	Special Conditions
Attachment III:	Engineering Report Regarding Offsite Improvements
Attachment IV:	Development Agreement
Attachment V:	Escrow Agreement
Attachment VI:	Allocation of LUEs

Any of the above attachments that are created and submitted by the Developer as an attachment to this Agreement shall be limited to providing relevant engineering, planning or managing information for the purposes of setting aside or reserving the Guaranteed Capacity as specified in the body of this Agreement, the General Conditions and the Special Conditions. The Developer agrees that it will not attempt to rely on, and the City does not authorize, any of the contents of any attachments created and submitted by the Developer as a basis for claiming rights under Chapter 245, except as specifically required by Section 1.b hereof.

The Developer understands that this Agreement, including the General Conditions, Special Conditions and Attachments, is subject to the Texas Public Information Act. The developer, therefore, agrees that it will not claim that any of the information contained herein is subject to any third party exception under that Act.

5. The Developer's Obligations. The Developer acknowledges and agrees that the Guaranteed Capacity provided by this Agreement runs with the land and shall be an appurtenance to the Property. The Developer agrees to record this Agreement in the Real Property Records of Medina County, Texas as quickly as practicable (but not more than ninety (90) days from the Effective Date); otherwise, this Agreement will automatically terminate. Delivery to the City of a recorded copy of this Agreement shall serve as a condition precedent to any transfer of any portion of the Property or any portion of the Guaranteed Capacity in accordance with G.C. 18.00. To the extent not reflected in the plats from time to time submitted by the Developer to and accepted by the City pursuant to the terms of the Development Agreement, the Developer shall maintain records of allocated and unallocated Guaranteed Capacity (by LUE) for use by the Development by developers thereof and therein and provide the City with copies of such records upon receipt of the City's written request for the same.

6. **INDEMNITY. TO THE EXTENT ALLOWED BY APPLICABLE LAW, THE DEVELOPER FURTHER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE CITY AND ITS SUCCESSOR AND ASSIGNS FROM THE CLAIMS OF THIRD PARTIES ARISING OUT OF THE CITY'S RECOGNITION RESERVATION AND TRANSFER OF THE GUARANTEED CAPACITY UNDER THIS AGREEMENT TO THE DEVELOPER'S SUBSEQUENT PURCHASERS, SUCCESSORS AND ASSIGNS.**

7. Notices. Any notice, request, demand, report, certificate or other instrument which may be required or permitted to be furnished to or served upon the parties shall be delivered in accordance with the provisions for notice specified in Section 8.04 of the Development Agreement.

8. Severability. If for any reason any one or more paragraphs of this Agreement are held legally invalid, such judgment shall not prejudice, affect impair or invalidate the remaining paragraphs of the Agreement as a whole, but shall be confined to the specific sections, clauses, or paragraphs of this Agreement held legally invalid.

9. Effective Date. The Effective Date of this Agreement shall be the date signed by the later of an authorized City representative and an authorized Developer representative.

10. Ownership. By signing this Agreement, the Developer represents and warrants that it is the owner of the Property or has the authority of the Property owner to develop the Property. Any misrepresentation of authority or ownership by the Developer shall make this Agreement voidable by the City. If the Developer does not own the Property, then the Developer must provide documentation from the owner of the Property to show that the Developer has the proper authority to develop the Property.

* * *

ACCEPTED AND AGREED TO IN ALL THINGS:

CITY OF CASTROVILLE, TEXAS

HWY 90 CASTROVILLE PARTNERS, LTD

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**Address: 1209 Fiorella Street
Castroville, Texas 78009**

Address: _____

Date: _____

Date: _____

ACKNOWLEDGEMENTS

STATE OF TEXAS, COUNTY OF _____

§

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 2020.

(seal)

Notary Public

STATE OF TEXAS, COUNTY OF _____

§

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 2020.

(seal)

Notary Public

ATTACHEMENT I

GENERAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

G.C.1.00 Definition of Terms.

Unless defined in the Agreement, the terms used in this General Conditions of the Utility Service Agreement (the *General Conditions*) shall have the same definitions and meaning as those set out in the Development Agreement. In the event a term is specifically defined in the General Conditions, and the definition is in conflict with that found in the Development Agreement or the Code, and such conflict is acknowledged in the General Conditions, the definition set out in the General Conditions shall apply.

G.C.2.00 Required Submittals.

None in addition to those included herewith.

G.C.3.00 City Ownership of Offsite Improvements; Developer Dedication of Onsite Improvements.

The Offsite Improvements shall be designed, developed, constructed (by public bid), and immediately and at all times owned, operated, and maintained by the City. The costs of the Offsite Improvements shall (i) with respect to the Offsite Water System Improvements, be paid on a pro rata basis from the City Contribution and the Developer Contribution and (ii) with respect to the portion of the Offsite Improvements constituting improvements to the Wastewater System (the *Offsite Wastewater System Improvements*), be paid from the Developer Contribution.

The Onsite Improvements shall be designed, developed, constructed, financed, and (upon completion) dedicated to the City pursuant to and in accordance with the applicable provisions of the Development Agreement. The Developer agrees to dedicate, grant, and convey to the City all of the Developer's rights, title and interests in the Onsite Improvements to the City. The Developer shall, to the extent required, acquire all necessary easements and rights-of-way to accommodate the development of Onsite Improvements and dedicate, grant, and convey to the City such Onsite Improvements easements and rights-of-way pursuant to the Development Agreement. Upon acceptance of the same by the City pursuant to the Development Agreement, the Onsite Improvements shall be made a part of the Systems and be owned, operated and maintained by the City.

G.C.4.00 Design and Construction Requirements.

The design and construction of all Offsite Improvements and Onsite Improvements shall minimally comply with all applicable Governing Regulations (including the Code), and applicable rules and regulations of Medina County, Texas, the State of Texas, and any agency thereof with jurisdiction (including, but not limited to, the Texas Commission on Environmental Quality and the Texas Department of Health). As required by the Development Agreement, Onsite Improvements shall be constructed under City inspection.

After completion of the Offsite Improvements, provision of Service to the Property shall not commence until (i) completion of the Onsite Improvements necessary to provide Service to the particular Phase for which Service is requested and (ii) the City has approved and accepted such Onsite Improvements pursuant to the provisions of the Agreement and the Development Agreement.

G.C.5.00 Joint Venture Agreements.

In the event the Developer enters into a Joint Venture Agreement covering the costs for the Offsite Improvements and Onsite Improvements, the Developer shall send a copy of such agreement to the City.

G.C.6.00 Assignment.

This Agreement may be assigned only in conjunction with an assignment of the Development Agreement; provided, however, the Developer may assign, convey or transfer some or all of the Guaranteed Capacity to buyers of portions of the Property in accordance with the terms specified in G.C. 18.00.

G.C.7.00 Event of Foreclosure.

In the event the Developer's interest in the Property is extinguished by an act of foreclosure, and the foreclosing party has supplied sufficient evidence to the City that it is the successor in interest to the Property as a result of such foreclosure, and that there are no lawsuits pending concerning the Property, the City shall consider the foreclosing party a Developer successor in interest if the foreclosing party executes a utility service agreement with the City (after the City Council determines that the execution of such an agreement will not be adverse to the City's interest).

G.C.8.00 Payment for Provision of Utility Service.

Customers within the Development receiving Service shall be charged the applicable rates for Service from time to time specified by ordinance adopted by the City Council. Billing and collection for charges for Service shall be the responsibility of the City.

G.C.9.00 Offsite Improvements

The City shall design and construct (or cause to be designed and constructed) the Offsite Improvements, subject to the Developer's input, review and approval of their design, plans, specifications, and costs prior to the date by which an installment of the Developer Contribution is required under the Escrow Agreement to pay for such Offsite Improvement cost. The City shall have no payment obligation for the Offsite Improvements other than the City Contribution to be applied to a portion of the Offsite Water System Improvements. The Developer shall have no right or claim for additional City financial contribution to the costs of the Offsite Improvements or for repayment of the Developer Contribution other than its rights to reimbursement therefor as provided in the Development Agreement.

To the extent permitted by applicable law, the Developer and its consultants shall participate in (i) reviewing construction bids and recommending to whom the City shall award resultant construction contract(s) for the Offsite Improvements and (ii) in conjunction with the City's engineer, overseeing the construction of the Offsite Improvements.

G.C. 10.00 Onsite Improvements; Oversizing.

The Developer shall construct and install all required Onsite Improvements in accordance with this Agreement, the Development Agreement, and the Governing Regulations, at no cost to the City, (other than the Developer's rights to reimbursement as provided in the Development Agreement).

Subject to its right to reimbursement under the Development Agreement and in addition to the Developer

Contribution that is an identified source of payment for the Offsite Improvements, the Developer must pay for all Onsite Improvements needed for the City to provide Service to the Property. The City may require the installation of oversized water mains and wastewater mains and related facilities; provided, however, that if, as a result of such oversizing, the incremental cost thereof results in the actual cost of Public Infrastructure to exceed the maximum amount of Capital Costs or Financing Costs identified in the Development Agreement, then such oversizing requirement of the City shall be conditioned on the City's providing to the Developer a method of cost recovery acceptable to the Developer for such amount of incremental cost in excess of Capital Costs and/or Financing Costs. All oversizing shall be undertaken and completed in accordance with this Agreement, the Developer Water and/or Wastewater Master Plan, the Developer Onsite Improvements Layout, the Onsite Improvements Engineering Report, the Development Agreement, and any applicable Governing Regulation.

G.C.11.00 Impact Fee Payment.

The Developer agrees that this Agreement does not constitute an assessment of Impact Fees on the Property or the Development. To the extent it develops a portion of the Property, the Developer agrees to pay all applicable Impact Fees as provided and in accordance with the applicable provisions of the Development Agreement; conversely, any conveyance of any portion of the Property shall include a written statement to the transferee of such portion of the Property concerning the requirement to pay Impact Fees as a result of the development of such Property pursuant to and in accordance with the applicable provisions of the Development Agreement. These Impact Fees shall serve as a source of Developer reimbursement of the Developer Contribution pursuant to and in accordance with the provisions of the Development Agreement.

G.C.12.00 City's Obligation to Provide Service.

To the extent that all applicable Impact Fees have been paid, all Offsite Improvements and the Onsite Improvements necessary to provide Service to a Phase pursuant to an approved Plat have been completed and made a part of the Systems in accordance with the terms of this Agreement and the Development Agreement, such portion of the Property that is the subject of such approved plat shall be entitled to Service by permanent use and benefit of LUEs from and up to the Guaranteed Capacity.

G.C.13.00 Onsite Improvements Design and Construction.

The Developer shall design and construct all Onsite Improvements, including any oversizing, in accordance with this Agreement, the Development Agreement, the Governing Regulations, and any other applicable local, state and federal requirements. The Developer further recognizes that the approval of easement or right-of-way adequacy, location, size, grade and invert elevation for Onsite Improvement construction is reserved to the City. Onsite Improvements design and construction requirements shall be as specified in the Code, unless otherwise agreed to in writing by the City.

G.C.14.00 Use of Guaranteed Capacity by City.

Diversion of Guaranteed Capacity

If, because of planned phasing of the Development as provided in the Development Agreement, the Developer will not use up to 100 LUEs of the Guaranteed Capacity for a period of at least three (3) consecutive years, the City may utilize such limited amount of Guaranteed Capacity (or such lesser amount,

if a portion of the 100 LUEs has been reallocated pursuant to the provision appearing under *Reallocation of Guaranteed Capacity* below) that is expected to remain unused at the conclusion of such three (3) year period to provide Service to other tracts requesting provision of Service from the City; provided, however, that the City shall make available to the Property, at no additional cost to the Developer, replacement Systems capacity in an amount equal to (measured by LUEs) the diverted Guaranteed Capacity by the time such diverted Guaranteed Capacity is needed for the Development (as evidenced in the development schedules included in the Development Agreement). In no event will the Developer be denied any portion of the Guaranteed Capacity as a result of the City's utilization of any portion of Guaranteed Capacity for provision of Service to another tract of land.

Reallocation of Guaranteed Capacity

Prior to the commencement of Service to the Property, the City may enter into an agreement with any third party to allocate a portion of the Guaranteed Capacity to such third party for provision of service to another tract of land. In such instance, the City shall charge such third party, on a per LUE basis (and calculated on the basis of the total cost of the Offsite Improvements, as indicated in the Engineering Report Regarding Offsite Improvements, to include total costs of due diligence performance, design, and constructing Offsite Improvements), the pro rata share of such reallocated Guaranteed Capacity (such reallocated Guaranteed Capacity, the *Reallocated Guaranteed Capacity*). Any agreement between the City and a third party that results in all Reallocated Guaranteed Capacity exceeding 100 LUEs shall require prior written approval from the Developer as a condition to its effectiveness.

The City shall apply payments received from any third party receiving Reallocated Guaranteed Capacity directly to payment of the Offsite Improvements' costs and make a corresponding reduction in amount of the Developer Contribution. For purposes of the Agreement, Guaranteed Capacity shall be permanently reduced by the amount of Reallocated Guaranteed Capacity. The City shall provide notice to the Developer of any such agreement concerning Reallocated Guaranteed Capacity, to include the number of LUEs that constitute Reallocated Guaranteed Capacity, the costs collected as a result of the reallocation of the Reallocated Guaranteed Capacity and the impact on the Developer Contribution by application such collected amounts to the Offsite Improvements costs, and the resultant Guaranteed Capacity and the Developer Contribution (which shall be reflected in an updated Developer Contribution installment delivery schedule to the Escrow Agreement) after reallocation of the Reallocated Guaranteed Capacity.

Payment for Diverted or Reallocated Capacity

The City shall require payment for diverted or reallocated Guaranteed Capacity at the time of execution of any associated development agreement with the recipient thereof. The price charged per LUE of diverted or redirected Guaranteed Capacity shall be not less than the total cost per LUE as identified in the Engineering Report Regarding Offsite Improvements attached hereto as Attachment III (to include total costs of due diligence performance, design, and constructing Offsite Improvements). Amounts received by the City for sale of diverted or redirected Reallocated Capacity shall, (i) if received prior to the completion of the Offsite Improvements, be deposited to the Escrow Agent for deposit to the Escrow Fund and be treated as a Developer Contribution under the Escrow Agreement, and (ii) if received after completion of the Offsite Improvements, be delivered to the Developer and reduce, in like amount, the amount of reimbursement owed to the Developer for its costs of the Offsite Improvements pursuant to the terms of the Development Agreement (provided, however, that if the amount received by the City for the sale of the diverted or reallocated Guaranteed Capacity exceeds the remaining amount to be reimbursed to the

Developer for its costs of the Offsite Improvements under the Development Agreement, then such excess amount shall be retained by the City).

Limitation on Use of Reallocated Guaranteed Capacity

Not more than 50 LUEs of any Guaranteed Capacity reallocated by the City pursuant hereto shall be allocated to property intended to be used for commercial-retail and such commercial-retail use of these 50 LUEs shall be conditioned on such property's annexation into the City.

G.C.15.00 Conformance of Plans.

All water and wastewater system facilities to serve the Property shall be designed and constructed in conformance with the Agreement and the Development Agreement, and the Governing Regulations. Changes in the water and wastewater system design shall be resubmitted to the City for written approval.

G.C.16.00 LUE Transfers.

The transfer of Guaranteed Capacity for use outside the boundaries of the Property shall not be allowed. The City considers this Agreement to run with the Property; however, LUE transfers from Guaranteed Capacity to subdivided tracts within the Property are the responsibility of the Developer and approval of such transfers is not required by the City. The Developer shall maintain an accounting of the LUEs derived from the Guaranteed Capacity that is used by the Developer and/or transferred after the Effective Date to portions of the Property. If the Developer sells a portion of the Property and transfers part of the Guaranteed Capacity that is provided under this Agreement, then that Guaranteed Capacity transfer must be included in the deed, bill of sale or instrument conveying the land and the Developer must require the buyer of the land who receives the allocated LUEs to record the instrument effectuating the transfer. Attachment VI shows the allocation of the Guaranteed Capacity allocated within the Property. The City will recognize the capacity allocations within the Master Plan so long as those allocations are compliant and consistent with the provisions of this Agreement and do not, in the aggregate, exceed the Guaranteed Capacity. For properties that have areas of unplanned use, the demand will be calculated at five (5) LUEs per acre unless the engineering report specifies otherwise or there is not enough Guaranteed Capacity remaining for the Property to allocate five (5) LUEs per acre.

In no event will the City be responsible to third parties for providing Water Service or Wastewater Capacity beyond the total Guaranteed Capacity identified in this Agreement for the Property. The Developer expressly disclaims, releases and holds harmless the City from any liability, damages, costs or fees, and agrees to indemnify the City for any liability, including, costs and attorney's fees, associated with any dispute related to the transfer of all or a portion of Guaranteed Capacity approved for the Property in the Agreement.

* * *

ATTACHMENT II

SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

S.C.1.00 Tract Location; Ultimate Demand; and Cost.

The Property is described in the Development Agreement. The Property is not located over the Edwards Aquifer Recharge or Contributing Zone. The Property is located inside the City's water certificate for convenience and necessity (CCN), inside the City's wastewater CCN, and does require the City's financial participation in the development of infrastructure (as described and provided for in the Development Agreement).

The ultimate demand from the Development on the City's Water System shall not exceed 1,355 living unit equivalents (LUEs) of water service, 586 of which LUEs shall be provided in the form of Guaranteed Capacity resultant from the expansion of the Water System through the Offsite Improvements (such Guaranteed Capacity water service, *Water Service*).

The ultimate demand from the Development, on the City's Wastewater System, shall not exceed 1,355 living unit equivalents (LUEs) of wastewater discharge capacity, 586 of which LUEs shall be provided in the form of Guaranteed Capacity resultant from the expansion of the Wastewater System through the Offsite Improvements (such Guaranteed Capacity wastewater discharge capacity, *Wastewater Capacity*).

The Parties agree that the costs for the Offsite Improvements shall be the actual costs therefor, using as guidance for the delivery of the Developer Contribution installments under the Escrow Agreement the cost estimates included in the Engineering Report Regarding Offsite Improvements. The Developer shall deliver to the escrow agent for deposit and use in accordance with the provisions of the Escrow Agreement the greater of the estimated Offsite Improvements costs included in the Engineering Report Regarding Offsite Improvements and the actual costs of the Offsite Improvements. To the extent that the actual costs of the Offsite Improvements are less than the costs of the Offsite Improvements, such excess amounts shall be refunded to the Developer at the time of completion of and final payment for the Offsite Improvements in accordance with the provisions of the Escrow Agreement (and the Developer Contribution shall be reduced by a like amount for the purpose of determining the amount of reimbursement to which the Developer is entitled therefor under the Development Agreement).

S.C.2.00 Offsite Improvements.

Service to the Property will be resultant from the Offsite Improvements to the Systems evidenced in the Engineering Report Regarding Offsite Improvements attached hereto as Attachment III.

S.C.3.00 Offsite Improvements Requirements.

The City shall acquire any right-of-way or easements and construct and install all Offsite Improvements required to provide Service to the Property in accordance with this Agreement, the costs for which shall be paid from the City Contribution and the Developer Contribution as provided herein and in the Escrow Agreement.

S.C.4.00 Onsite Improvements Requirements.

Onsite Improvements requirements within the Property are outlined in the Development Agreement. The costs for the Onsite Improvements, including any City oversizing requirements (subject to the provisions of G.C. 10.00 of this Agreement), shall be the sole responsibility of the Developer (subject to the Developer's right to reimbursement for the costs thereof pursuant to the terms of the Development Agreement). The Developer shall acquire any right-of-way or easements necessary within the Property for installation of the Onsite Improvements and convey the same to the City in accordance with the applicable provisions of this Agreement.

S.C.5.00 Time for Impact Fee Assessment and Payment.

Impact Fees will be assessed at the rates, and be payable at the times, as specified in the Development Agreement.

* * *

ATTACHMENT III

ENGINEERING REPORT REGARDING OFFSITE IMPROVEMENTS

ATTACHMENT IV

DEVELOPMENT AGREEMENT

ATTACHMENT V
ESCROW AGREEMENT

ATTACHMENT VI

ALLOCATION OF LUEs BY TYPE OF USE AND PHASE

Allocation by Type of Use

Residential = 1 water LUE and 1 wastewater LUE per lot.

Commercial = 5 water LUEs and 5 wastewater LUEs per acre.

School = 3.3 water LUEs and 3.3 wastewater LUEs per acre.

Amenity Center = 5 water LUEs and 5 wastewater LUEs.

Other = 5 water LUEs and 5 wastewater LUEs per acre.

Phase I Infrastructure Improvements (586 Water and Wastewater LUEs)

236 Residential Lots = 236 water LUEs and 236 wastewater LUEs

70 Acres of Commercial Development = 350 water LUEs and 350 wastewater LUEs

Phase II Infrastructure Improvements (769 Water and Wastewater LUEs)

714 Residential Lots = 714 water LUEs and 714 wastewater LUEs

15 Acre School Site = 50 water LUEs and 50 wastewater LUEs

Amenity Center = 5 water LUEs and 5 wastewater LUEs

ATTACHMENT III

ENGINEERING REPORT REGARDING OFFSITE IMPROVEMENTS



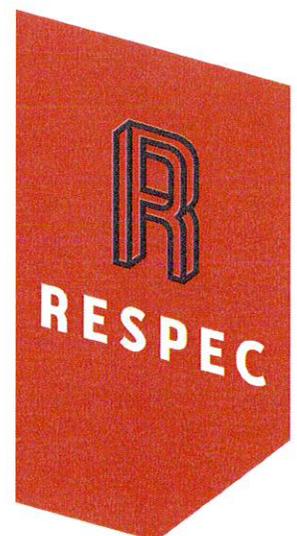
REPORT ON RECOMMENDED WATER AND WASTEWATER IMPROVEMENTS FOR ALSATIAN OAKS DEVELOPMENT PHASE I

TOPICAL REPORT RSI-2993



PREPARED FOR
City of Castroville
1209 Fiorella Street
Castroville, Texas 78009

NOVEMBER 2019
AS AMENDED MARCH 2020



REPORT ON RECOMMENDED WATER AND WASTEWATER IMPROVEMENTS FOR ALSATIAN OAKS DEVELOPMENT PHASE I

TOPICAL REPORT RSI-2993

PREPARED BY

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1020 NE Loop 410, Suite 340
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PREPARED FOR

City of Castroville
1209 Fiorella Street
Castroville, Texas 78009

NOVEMBER 2019

AS AMENDED MARCH 2020

Project Number 3809



Daryl D. Spillmann
3/19/2020





EXECUTIVE SUMMARY

The City of Castroville, Texas (the City), has entered into an agreement with Hwy 90 Castroville Partners, Ltd. (the Developer) whereby the City will be required to construct water and wastewater utility infrastructure improvements to meet the needs of the proposed development (Alsatian Oaks). This report provides recommendations for the improvements expected in Phase I of the development and is subject to the 180-day term of the development agreement, including the following:

- / Constructing a 16-inch water main extension and connecting the existing Medina Valley Water Supply Corporation (WSC) system that is wholly owned by the City on the south side of Highway US 90 (US 90) to the existing 10-inch water main near water main at Tondre Parkway on the north side of US 90
 - » Construction will include a 30-inch bore and casing under US 90.
- / Upgrading the existing facilities at the Medina Valley WSC
 - » Constructing a 300,000-gallon ground-storage water tank at the Medina Valley WSC site
 - » Upgrading the existing well, pressure tank, and service pumps at the Medina Valley WSC site to full capacity
 - » Upgrading the yard piping inside of the fence at the Medina Valley WSC to support new equipment
 - » Upgrading the electrical service at the existing site to three-phase power.
- / Constructing a 21-inch wastewater main extension of approximately 1,500 feet from the manhole on the north side of US 90 across from the Dodge dealership to the southeast corner of the Alsatian Oaks development.

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1.0 INTRODUCTION

The City of Castroville, Texas (the City), has entered into an agreement with Hwy 90 Castroville Partners, Ltd. (the Developer) to provide water and wastewater utility services for a real-estate development (Alsatian Oaks) along US Highway 90 (US 90) east of Castroville. The proposed development encompasses 417.848 acres adjacent to and east of the Walmart property at Tondre Lane. Phase I of the proposed development will be a commercial development on Tondre Lane that fronts US 90, and an estimated 236 homes will also be added to the area behind the commercial frontage during the phase.

Phase II of the development is expected to include an additional 714 homes north of this area and commercial development at the southwest corner of US 90 and Farm to Market Road (FM) 471, and additional infrastructure will be required to service the phase.

2.0 CURRENT CONDITIONS

The City currently has a population of approximately 3,100 residents. A rough estimation of population density indicates that approximately two-thirds of the population are west of the Medina River and approximately one-third are east of the river. A map of the City and surrounding area is provided in Exhibit 2-1.

2.1 WATER SYSTEM

Texas Commission on Environmental Quality (TCEQ) data indicate that the City’s water system provides service for approximately 1,353 connections, in addition to the airport. The estimated population density of the city suggests that approximately 900 services are west of the river and 450 are east of the river. The City’s system functions as three systems with one owner and is recognized as such by the TCEQ. The three systems are the City of Castroville system, the Medina Valley Water Supply Corporation (WSC) system, and the Castroville Airport. The systems operate independently and do not interconnect. Table 2-1 provides information on the three systems. A map of the existing water system is provided in Exhibit 2-2.

Table 2-1. Permitted Water Systems Owned and Operated by the City of Castroville

System Name	Estimated Population	Service Connections	Service Area
City of Castroville	3,028	1,311	Castroville
Medina Valley WSC	126	42	Medina Valley Subdivision
Castroville Airport	150	10	Castroville Airport

Data provided by the Texas Commission on Environmental Quality.

2.1.1 PRODUCTION FACILITIES

The City operates four wells within its system, as listed in Table 2-2. The airport well was excluded from this system analysis. The well primarily provides service to the airport, and contractual obligations in the agricultural lease of the airport property restrict its consideration as an available water supply source at the time of this report's production. The Medina Valley system was constructed by a private developer and acquired by the City.

Table 2-2. Production Wells in the City of Castroville

Well	Location	Rated Capacity (gpm)	Potential Capacity (gpm)	Notes
Castroville 1	703 Paris Street	0	0	Recently plugged
Castroville 2	301 London Street	500	500	
Castroville 3	Athens Street	710	710	
Medina Valley WSC (Semlinger Well)	County Road 4718 adjacent to Ag-Pro and Castroville State Bank	400	2,160	Serves only the Medina Valley Subdivision
Airport Well	North end of the Castroville Airport runway	2,700	2,700	Excluded from the analysis because of contractual constraints of the airport lease

gpm = gallons per minute.

Data provided by the Texas Commission on Environmental Quality.

2.1.2 STORAGE FACILITIES

Water-storage and hydropneumatic tanks are located near each well. Ground-storage tanks provide bulk water-storage, and hydropneumatic tanks are used to provide operating pressure for the system in lieu of elevated storage tanks. Ground-storage and hydropneumatic tanks are included in Tables 2-3 and 2-4, respectively. Each tank number is derived from TCEQ data. The airport system was also excluded from this analysis because it operates separately from the City.

Table 2-3. Water System Ground-Storage Tanks in the Castroville Water Utility

Tank	Location	Capacity (gallons)	Notes
Castroville 2	London Street	500,000	Ground Storage Tank
Castroville 3	US 90 and Alsace Avenue	50,000	Ground Storage Tank
Medina Valley 1	County Road 4718 adjacent to Ag-Pro	50,000	Ground Storage Tank
Airport 1	North end of the Castroville Airport	6,000	Ground Storage Tank

Data provided by the Texas Commission on Environmental Quality.

Table 2-4. Water System Hydropneumatic Tanks in the Castroville Water Utility

Tank	Location	Capacity (gallons)	Notes
Castroville 1	Alsace Avenue and Houston Street	4,000	Hydropneumatic Tank
Castroville 4	US 90 and Alsace Avenue	2,500	Hydropneumatic Tank
Medina Valley 2	County Road 4718 adjacent to Ag-Pro	2,500	Hydropneumatic Tank
Airport 2	North end of the Castroville Airport	1,000	Hydropneumatic Tank

Data provided by the Texas Commission on Environmental Quality.

2.1.3 DISTRIBUTION SYSTEM

The water production wells for the City’s water system are located west of the Medina River. The Medina Valley system only serves the Medina Valley subdivision with no interconnection with the rest of the City’s water network; therefore, approximately 400 of the estimated 450 connections east of the river must be supplied by the two wells west of the river. Two 8-inch water mains cross under the Medina River and provide system redundancy; however, in the event that one of the two water mains is out of service, the ability to provide sufficient service to the east side of the river will be an issue. Future development east of the river will add risks to the Castroville system unless redundancy and capacity are added.

2.2 WASTEWATER SYSTEM

Wastewater generated by the City is treated at a recently improved plant located near the Castroville Regional Park. The improved plant has a permitted capacity of 0.9 million gallons per day (mgd) with a peak flow rating of 2.7 mgd. The current average daily flow is 0.3 mgd. Sewage on the east side of the Medina River flows to a newly completed lift station located near the airport. The lift station has a capacity of 750 gpm and a wet well storage capacity of approximately 75,000 gallons. Wastewater collected at the lift station is pumped to the wastewater treatment plant.

A 24-inch wastewater main was constructed as part of the lift station to pick up flow from the north side of US 90 across the highway from the Dodge dealership. The wastewater main is well-suited to support new development along the US 90 corridor east of Castroville. A map of the existing wastewater system is provided in Exhibit 2-3.

3.0 ASSUMPTIONS

For this evaluation, several assumptions were made based on available data:

- / Phase I of the development will include 378,030 square feet (ft) of commercial, retail, and restaurant space and 236 Living Unit Equivalents (LUEs) on the north side of US 90.
- / The Alsatian Oaks development includes acreage at the southwest corner of US 90 and FM 471. RESPEC assumes that this area will not be included in Phase I.

- / The Medina Valley WSC well is rated at 400 gpm by the TCEQ. This well was drilled in 1995 and tested at 2,160 gpm. The current rating is constrained by the capacity of the well pump, but the well is capable of higher production. The analysis assumes that the well has adequate capacity to provide a water supply for a significant portion of the east side of the existing Castroville water system, as well as the full build-out of the Alsatian Oaks development; however, proper evaluation of the well will be required before the recommendations can be confirmed. Upgrades to the existing well pump and equipment will be required. At some point during growth inside of the City's Certificate of Convenience and Necessity (CCN), additional water supply capacity and storage will be needed.
- / The analysis of the proposed wastewater flowline was based on publicly available Light Detection and Ranging (LiDAR) data of the terrain along US 90. A topographic survey of the alignment will be required to verify this recommendation and properly design the wastewater main.
- / The Alsatian Oaks development will connect to the city wastewater utilities near the southeast corner of the tract north of US 90. The water connection will be to existing utilities along the north side of US 90.
- / The existing Medina Valley production site has adequate room to construct a 300,000-gallon ground-storage tank. A survey of the site will be required to confirm space availability.
- / Water and wastewater lines will be constructed within existing available Right-of-Ways (ROWs) or provided by the Alsatian Oaks development, as needed.
- / Fire flow demand has been estimated at 2,000 gpm. Additional data are required from the developer.
- / Upgrades to the local electrical system for water system improvements were not considered in this analysis. CPS Energy will only provide estimates after specific needs are determined.
- / It is assumed blending of water from the separate wells will not require additional treatment.

4.0 IMPACT OF THE PHASE I PROPOSED DEVELOPMENT

The proposed Phase I of the Alsatian Oaks development will add approximately 378,030 square ft of commercial, restaurant, and office space, and 236 additional LUEs to the Castroville utility system, as described in the "Project" definition in Section 1.02 of the Development Agreement. The TCEQ requires 0.6 gpm of production capacity and 200 gallons of storage capacity per connection for the water infrastructure.



5.0 RECOMMENDED INFRASTRUCTURE IMPROVEMENTS FOR PHASE I OF THE ALSATIAN OAKS DEVELOPMENT

The City will be required to construct improvements to its infrastructure to serve the proposed Alsatian Oaks development and meet the future operational requirements of the system.

5.1 WATER SYSTEM IMPROVEMENTS

The following improvements to the Castroville water system are recommended for Phase I:

- / Construct an interconnect between the Medina Valley WSC system and the City of Castroville system. This interconnect will consist of a 16-inch water main bored under County Road (CR) 4712 and US 90 from the well site and run along the north ROW of US 90 to connect to an existing City 10-inch water main at Tondre Parkway. The distance of the water main extension is approximately 5,900 ft. including approximately 100 feet bored under US 90. Any existing 10-inch water main along this alignment will be abandoned or removed once the 16-inch water main is constructed.
- / Construct an additional 300,000 gallons of water storage at the Medina Valley well site to provide storage for Phase I of the Alsatian Oaks development and the east side of the City. A tank of this size should be constructible based on RESPEC's understanding of the lot dimensions.
- / The well capacity should be upgraded to 2,000 gpm to meet future demands.
- / The service pump capacity and the Medina Valley system should be upgraded to a minimum of 2,000 gpm each to meet demand and fire flow.
- / The hydropneumatic pressure tank and appurtenances at the Medina Valley system should be replaced with a tank that has a minimum capacity of 7,500 gallons.
- / Tank, well, and pump upgrades at the Medina Valley well site will require approximately 300 ft of 16-inch water main upgrades inside of the fence.
- / Electrical upgrades will be required.
- / A backup generator will be required at the Medina Valley WSC site.

Preliminary modeling of the east side of Castroville was used to confirm that these improvements will support Phase I of the Alsatian Oaks development and the east side of the City. A map of proposed water system improvements is provided in Exhibit 5-1. Proposed improvements to the Medina Valley WSC well site are provided in Exhibit 5-2.

Installing these improvements will provide redundancy for the Castroville water system by adding additional pumping capacity east of the Medina River and reducing dependency on the two 8-inch water mains under the river. The improvements will also reduce demand on the water infrastructure west of the river and ease maintenance. Fire flows should also improve east of the river.

5.2 WASTEWATER SYSTEM IMPROVEMENTS

The 24-inch wastewater main that was recently installed with the east-side lift station project is well-suited to support growth east of the City. A 21-inch wastewater main should be constructed from the new manhole across from the Dodge dealership along the north side of US 90 to the southeast corner of the Alsatian Oaks development. The wastewater main extension distance is approximately 1,500 ft. A review of the infrastructure at the east-side lift station indicates that the pump capacity is adequate to accommodate Phase I. The 21-inch wastewater main that borders US 90 and Alsatian Oaks should be constructed to continue westward by the developer as part of the development infrastructure.

The installed sewer improvement should provide additional development opportunities along US 90 on the east side of the City. The convenience store (Circle K) at the US 90 and FM 471 intersection discharges its wastewater from its grinder pump to a force main on the north side of US 90 through a check valve; these types of installations can be difficult to maintain. The proposed sewer main that will be installed with this development should remove the need for the check valve. A map of the proposed wastewater system improvements is provided in Exhibit 5-3.

6.0 COST ESTIMATES

Preliminary cost estimates for the improvements are provided in Tables 6-1 through 6-4.

Table 6-1. Preliminary Water System Construction Improvements

Improvement	Estimate (\$)
Construct a 16-inch interconnect between the Medina Valley WSC and City of Castroville systems (5,900 ft)	1,200,000
300,000-gallon ground-storage tank	400,000
Upgrade the Medina Valley well to 2,000 gpm	100,000
Install a 7,500-gallon hydropneumatic tank	100,000
Install a 2,000-gpm service pump	50,000
Yard piping improvements at the Medina Valley site (e.g., upgrade existing yard piping to 16 inches and tie-in new equipment; approximately 300 ft of 16-inch pipe and appurtenances)	150,000
Backup generator	50,000
CPS Energy upgrades	50,000
Mobilization, bonds, insurance (14%)	280,000
Water Construction Subtotal	\$2,380,000
Contingency (25%)	595,000
Water Construction Total	\$2,975,000



Table 6-2. Preliminary Water System Engineering Services

Description	Estimate (\$)
Preliminary Planning (including sewer system analysis)	46,200
Engineering Design (15% of construction)	446,250
Construction Oversight (3% of construction)	89,250
Total Water Engineering Services	\$581,700

Table 6-3. Preliminary Wastewater System Improvements

Improvement	Estimate (\$)
Construct 1,500 ft of 21-inch sewer main from Alsatian Oak to new manhole on US 90	1,100,000
Mobilization, bonds, insurance (14%)	154,000
Wastewater Construction Subtotal	\$1,254,000
Contingency (25%)	313,500
Wastewater Construction Total	\$1,567,500

Table 6-4. Preliminary Wastewater System Engineering Services

Description	Estimate (\$)
Engineering Design (15% of construction)	235,125
Construction Oversight (3% of construction)	47,025
Total Wastewater Engineering Services	\$282,150

7.0 ADDITIONAL CONSIDERATIONS

The well and the Medina Valley system should be evaluated by a water-well professional to confirm the proposed capacity of 2,000 gpm. This evaluation will require shutting down the system for approximately 1 week while the well turbine is pulled out and the well is inspected and tested. This well is the sole source of water for the residents of the Medina Valley subdivision. An alternative water supply, such as hauled water or a temporary water main, will be required to provide water service to these residents during the evaluation. The development site currently has an old irrigation well (the Tondre well), which should be evaluated to determine its status and potential use.

Medina County has an office building at CR 4712 and FM 471. They have expressed their intentions to increase staffing at this office soon (i.e., in approximately 9 months) and will require additional water supply, including fire flow.

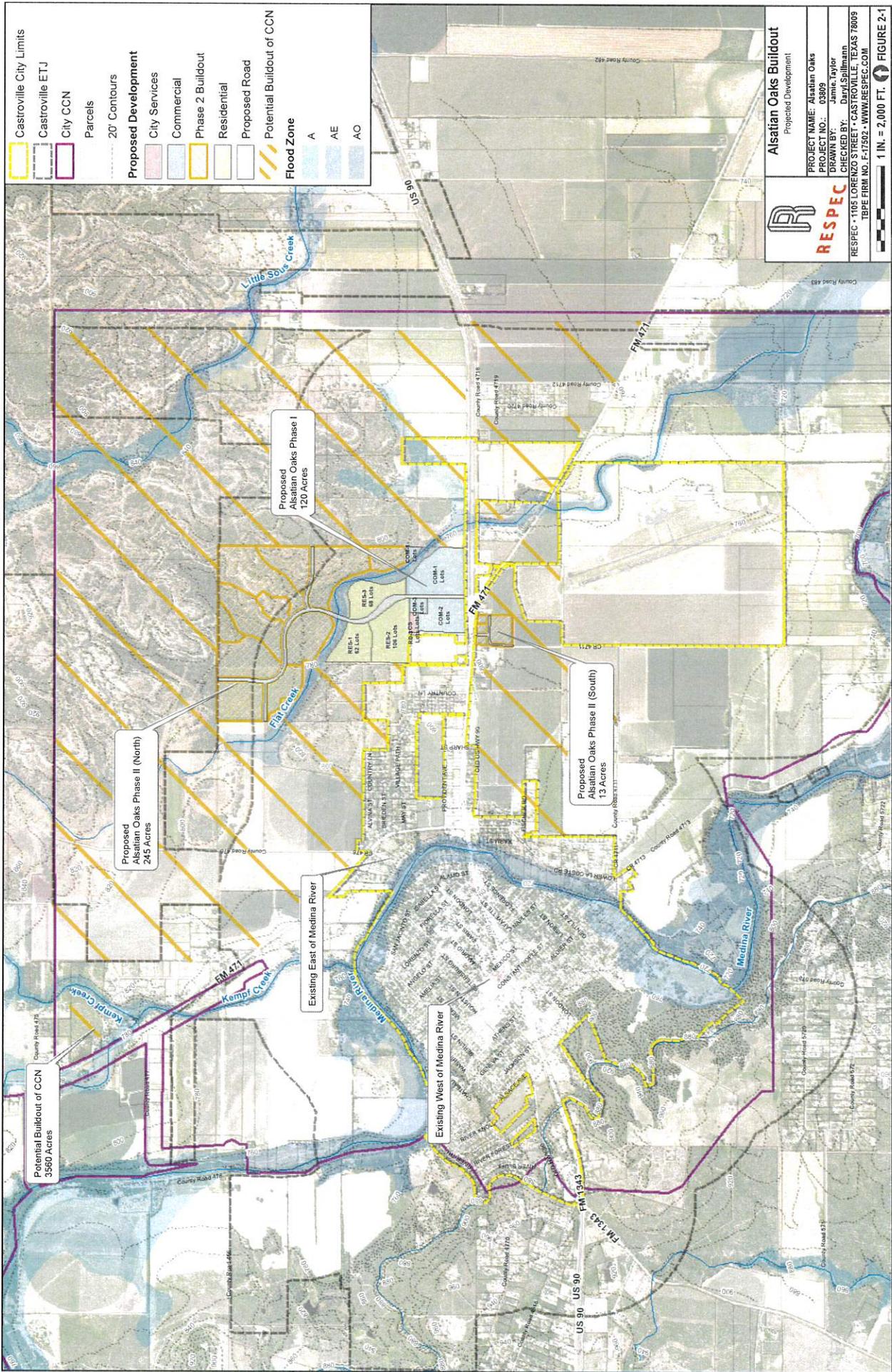
Changes in economic conditions may impact the rate at which Alsatian Oaks is developed. Large tracts along the US 90 corridor have also recently changed ownership, which may trigger additional demands on the City's utility system.



APPENDIX A

EXHIBITS





Castroville City Limits

Castroville ETJ

City CCN

Parcels

20' Contours

Proposed Development

City Services

Commercial

Phase 2 Buildout

Residential

Proposed Road

Potential Buildout of CCN

Flood Zone

A

AE

AO



Alsatian Oaks Buildout
Projected Development

PROJECT NAME: Alsatian Oaks

PROJECT NO.: 0389

DESIGNED BY: Janice Taylor

CHECKED BY: J. Taylor

PROJECT LOCATION: 1105 ORENZO STREET - CASTROVILLE, TEXAS 78009

TBPE FIRM NO. F-17592 - WWW.RESPEC.COM

1 IN. = 2,000 FT. **FIGURE 2-1**

Proposed Alsatian Oaks Phase II (North)
245 Acres

Proposed Alsatian Oaks Phase I
120 Acres

Proposed Alsatian Oaks Phase II (South)
13 Acres

Potential Buildout of CCN
3560 Acres

Existing East of Medina River

Existing West of Medina River

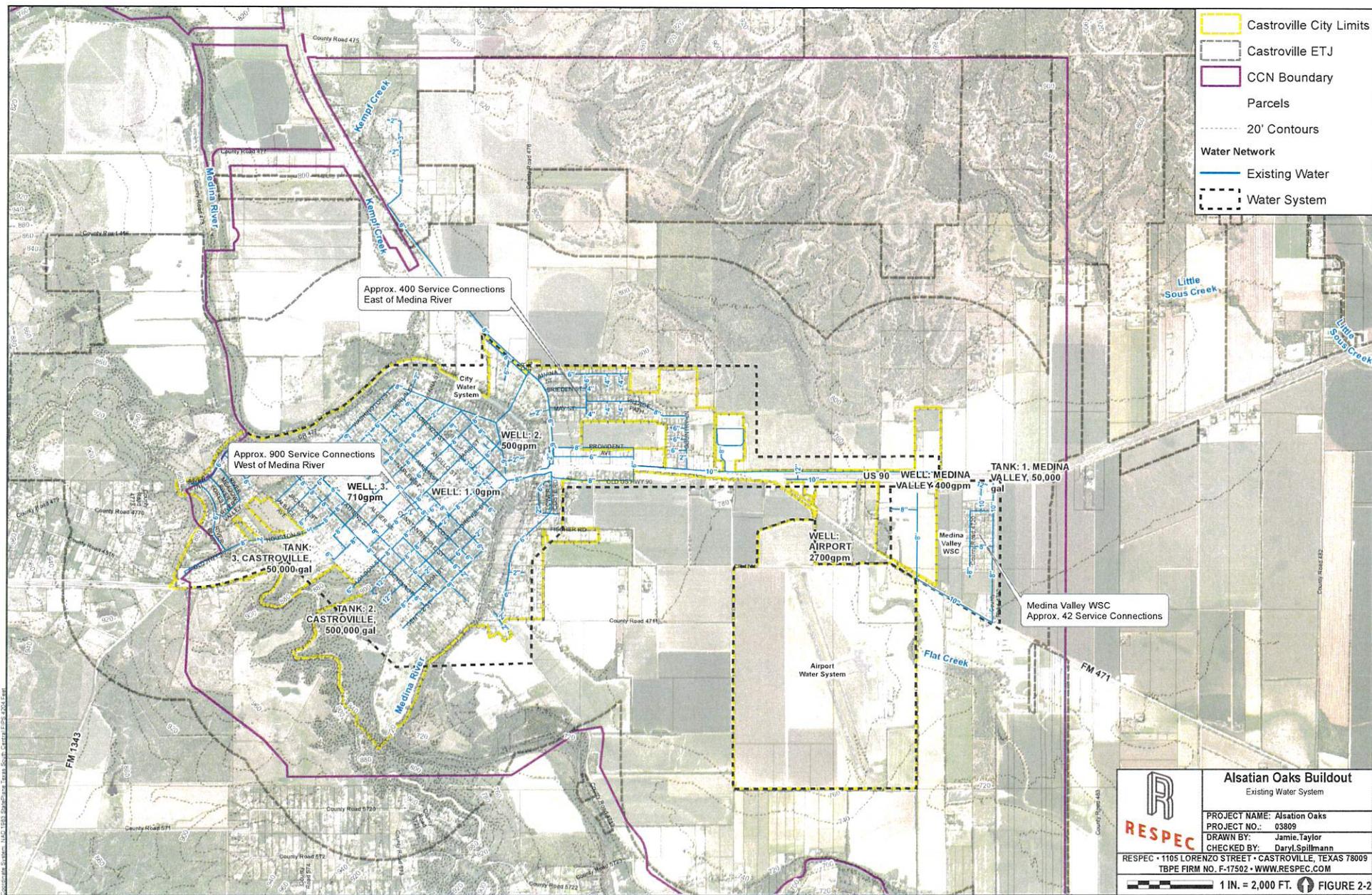
US 90

FM 1343

FM 1340

FM 471

County Road 471



- Castroville City Limits
- Castroville ETJ
- CCN Boundary
- Parcels
- 20' Contours
- Water Network**
- Existing Water
- Water System

Approx. 400 Service Connections East of Medina River

Approx. 900 Service Connections West of Medina River

WELL: 3.
710gpm

TANK: 3.
CASTROVILLE.
50,000 gal

TANK: 2.
CASTROVILLE.
500,000 gal

WELL: 1.
0gpm

WELL: 2.
500gpm

WELL: MEDINA VALLEY.
400gpm

TANK: 1. MEDINA VALLEY.
50,000 gal

WELL: AIRPORT.
2700gpm

Medina Valley WSC
Approx. 42 Service Connections



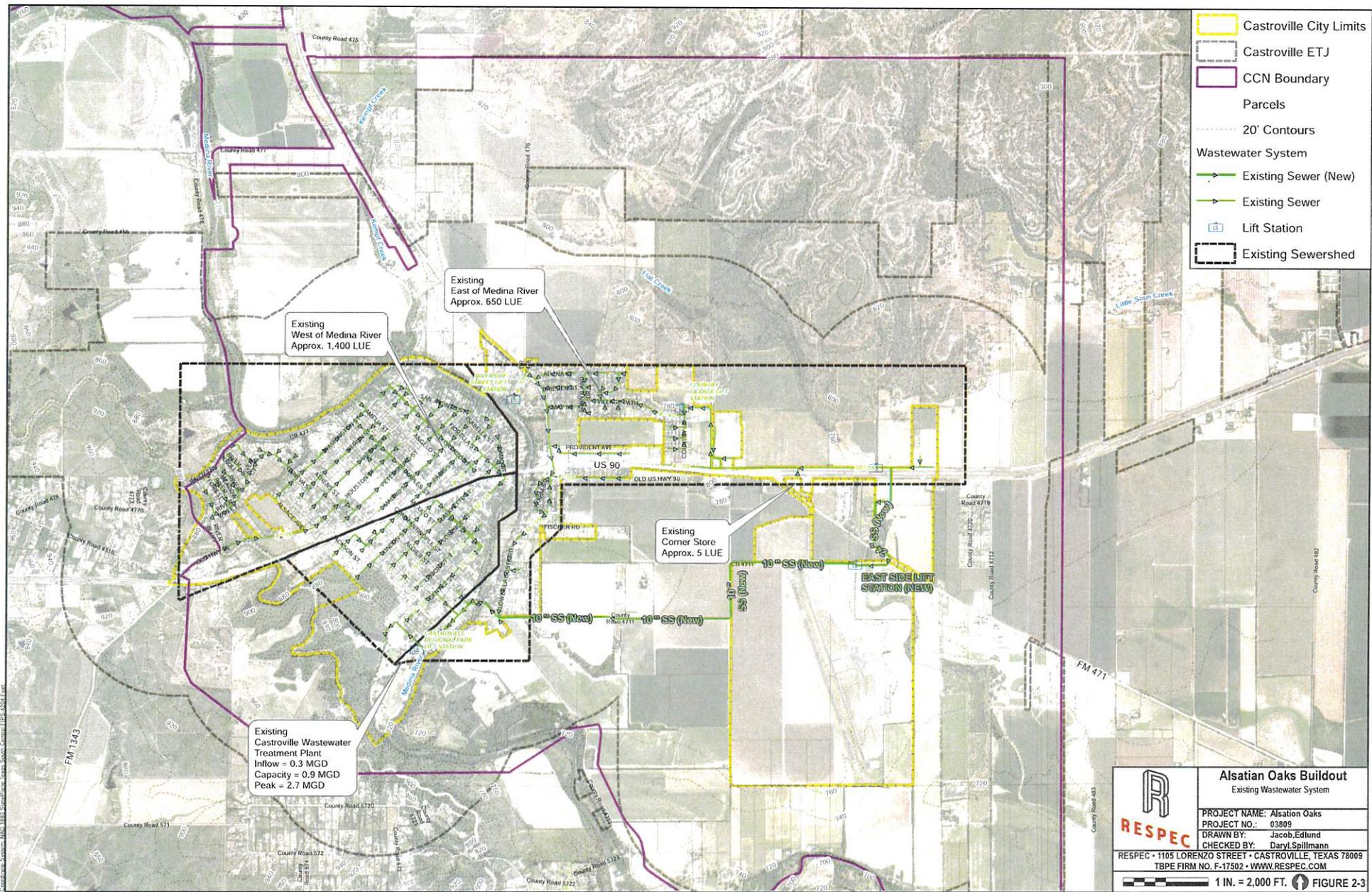
Alsation Oaks Buildout
Existing Water System

PROJECT NAME:	Alsation Oaks
PROJECT NO.:	03809
DRAWN BY:	Jamie Taylor
CHECKED BY:	Daryl Spillmann
RESPEC • 1105 LORENZO STREET • CASTROVILLE, TEXAS 78009	
TBPE FIRM NO. F-17502 • WWW.RESPEC.COM	

FIGURE 2-2

Coordinates Sourced: MDT, 12/15/2016, 12:48:23pm, Texas South Central EPCO, 4/20/16

L:\projects\03809_Alsation_Oaks\GIS\Exhibit\03_Existing_Water.mxd - 3/19/2020 - Jamie Taylor



- Castroville City Limits
- Castroville ETJ
- CCN Boundary
- Parcels
- 20' Contours
- Wastewater System
- Existing Sewer (New)
- Existing Sewer
- Lift Station
- Existing Sewershed

Existing Castroville Wastewater Treatment Plant
 Inflow = 0.3 MGD
 Capacity = 0.9 MGD
 Peak = 2.7 MGD

Existing West of Medina River
 Approx. 1,400 LUE

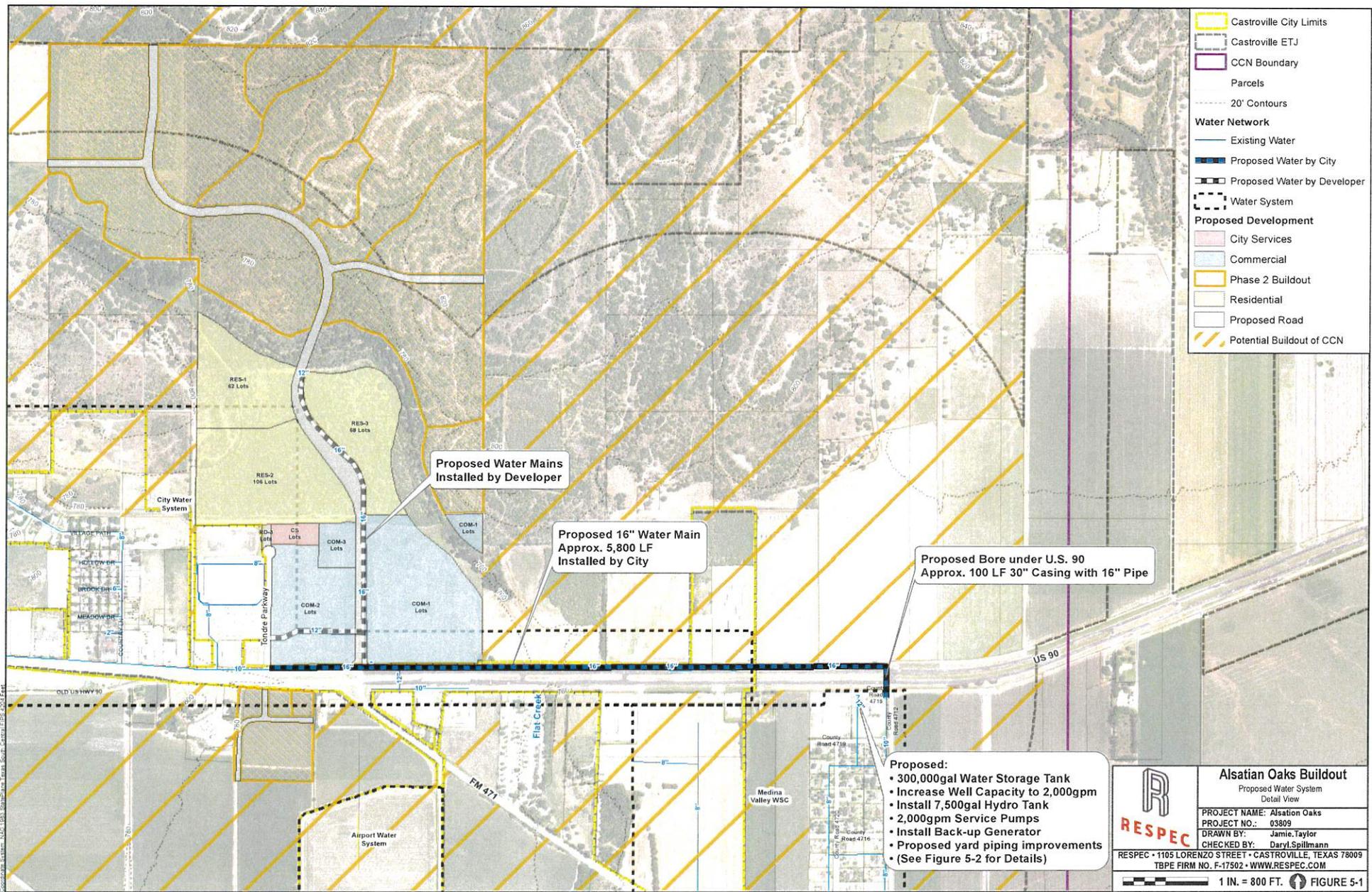
Existing East of Medina River
 Approx. 650 LUE

Existing Corner Store
 Approx. 5 LUE

	Alsatian Oaks Buildout
	Existing Wastewater System
PROJECT NAME: Alsatian Oaks	
PROJECT NO.: 03809	
DRAWN BY: Jacob Edlund	
CHECKED BY: Daryl Spillmann	
RESPEC • 1105 LORENZO STREET • CASTROVILLE, TEXAS 78009	
TBPE FIRM NO. F-17502 • WWW.RESPEC.COM	
FIGURE 2-3	

Coordinates: Spheroid: NAD 1983; Spheroid: Texas State Central FIPS 4304; UTM Zone: 16N

L:\projects\03809_Alsatian_Oaks\17_CMS\Subsets\E03_Loading_Sewer.mxd - 11/18/2019 - Jacob Edlund



Castroville City Limits
 Castroville ETJ
 CCN Boundary
 Parcels
 20' Contours

Water Network
 Existing Water
 Proposed Water by City
 Proposed Water by Developer
 Water System

Proposed Development
 City Services
 Commercial
 Phase 2 Buildout
 Residential
 Proposed Road
 Potential Buildout of CCN

Proposed Water Mains Installed by Developer

Proposed 16" Water Main
 Approx. 5,800 LF
 Installed by City

Proposed Bore under U.S. 90
 Approx. 100 LF 30" Casing with 16" Pipe

Proposed:
 • 300,000gal Water Storage Tank
 • Increase Well Capacity to 2,000gpm
 • Install 7,500gal Hydro Tank
 • 2,000gpm Service Pumps
 • Install Back-up Generator
 • Proposed yard piping improvements
 • (See Figure 5-2 for Details)

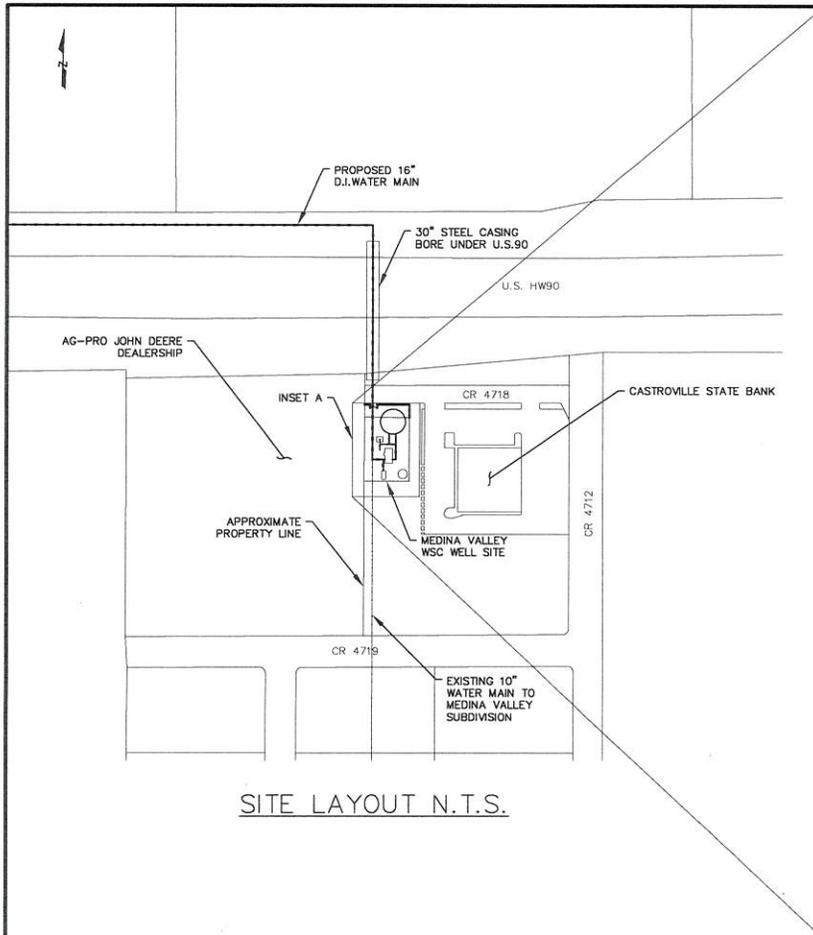
RESPEC

Alsatian Oaks Buildout
 Proposed Water System
 Detail View

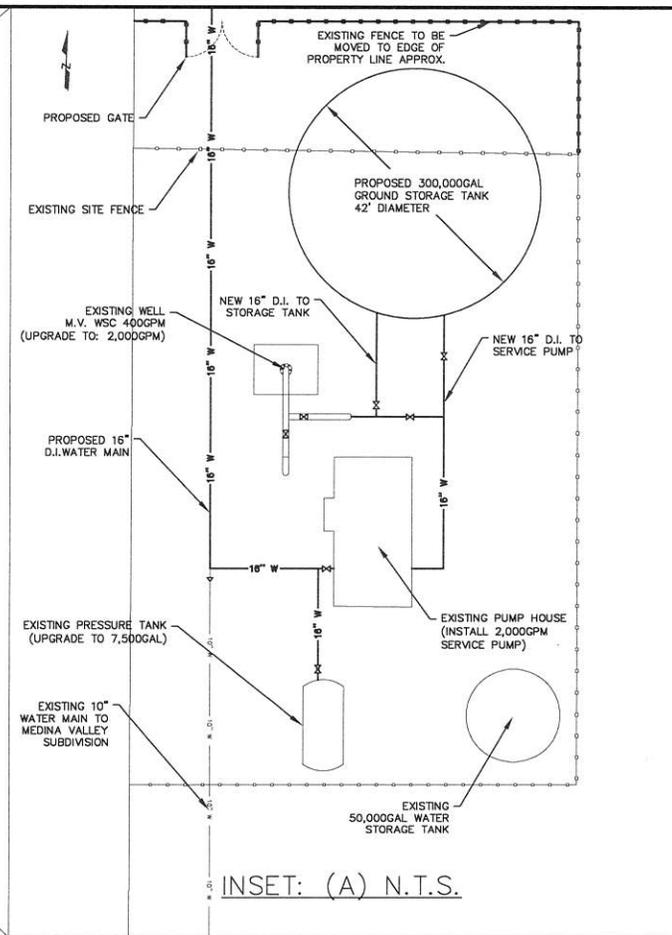
PROJECT NAME: Alsatian Oaks
 PROJECT NO.: 03809
 DRAWN BY: Jamie Taylor
 CHECKED BY: David Spillmann
 RESPEC • 1105 LORENZO STREET • CASTROVILLE, TEXAS 78009
 TBPE FIRM NO. F-17502 • WWW.RESPEC.COM

1 IN. = 800 FT. **FIGURE 5-1**

C:\projects\03809_Alstatian_Oaks\GIS\Respec\03809_Proposed_Water_Detail.mxd • 3/18/2020 • Jamie Taylor



SITE LAYOUT N.T.S.



INSET: (A) N.T.S.

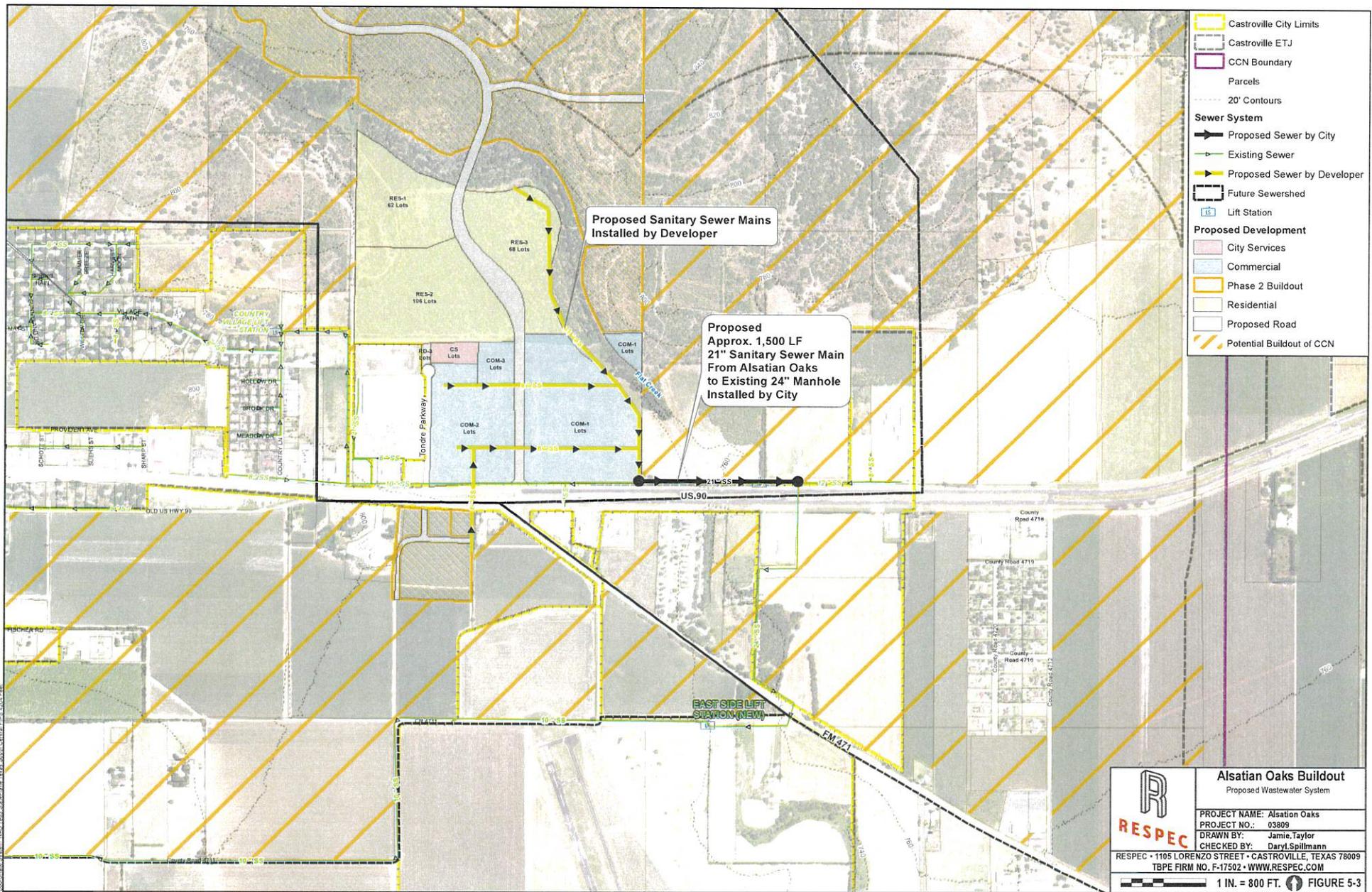


NOTES:
 PROPOSED LOCATION OF 300,000GALLON TANK ASSUMES SPACE IS AVAILABLE ON EXISTING LOT. BOUNDARY SURVEY WILL BE REQUIRED TO CONFIRM LOT SIZE.

DOCUMENT IS FOR INTERM REVIEW AND NOT INTENDED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES.
 DARYL D. SPILLMANN, P.E.
 87903
 TEXAS SERIAL NO.
 11-08-2019
 DATE
 DRAFT% SUBMITTAL

	ALSATIAN OAKS	
	FIGURE 5-2 M.V. WELL SITE PROPOSED UPGRADES	
	PROJECT NO.: 03809	11/07/2019
	SUBMITTAL: DRAFT	SHEET NO.: 1
DWG BY: J.E.	1 OF 1	
CHK BY: D.S.		
RESPEC • 1105 LORENZO STREET • CASTROVILLE, TEXAS 78009 TBPE FIRM NO. E-17502 • WWW.RESPEC.COM		

PLOT_DATE
 PLOT_TIME
 FILENAME



	Alsation Oaks Buildout	
	Proposed Wastewater System	
	PROJECT NAME: Alsation Oaks	
	PROJECT NO.: 03809	
	DRAWN BY: Jamie Taylor	
CHECKED BY: Daryl Spillmann		
RESPEC • 1105 LORENZO STREET • CASTROVILLE, TEXAS 78009		
TBPE FIRM NO. F-17502 • WWW.RESPEC.COM		
FIGURE 5-3		

Respec Systems, Inc. 1105 Lorenzo Street, Castroville, TX 78009
 Project No. 03809 - Alsation Oaks - 05/15/2025 - Proposed Sewer - 05/15/2025 - Jamie Taylor

ADDENDUM 1

RESPONSE LETTER FROM TERRACOR 12/10/2019

RESPONSE FROM CITY OF CASTROVILLE 1/8/2020



WILL COLLINS
Chief Executive Officer



10101 Reunion Place, Suite 500
San Antonio, Texas 78216

t. 210.933.1492
m. 210.630.0480

will.collins@terracortx.com
terracortx.com

City of Castroville
Attn: Leroy Vidales
1209 Fiorella Street
Castroville, TX 78009

Re: Report Concerning Scope and Cost of Phase I Water System Improvements

Dear Mr. Vidales,

Thank you for sending the Report on Recommended Water and Wastewater Improvements for Alsatian Oaks Development Phase I (the *Report*), prepared by RESPEC. We received the Report on Wednesday November 27th, 2019. We have conducted a review of the Report along with Kimley-Horn (the *Developer's Engineer*). Upon review, we require the following information in order to make a decision pursuant to the Development Agreement between the City of Castroville, Texas (the *City*) and Hwy 90 Castroville Partners, Ltd. (the *Developer*):

- Calculations used to determine the need for a 300,000-gallon ground-storage water tank.
- A formal survey and site plan to confirm that the Medina Valley WSC property is large enough for the proposed 300,000-gallon ground-storage water tank.
- The current inflow and capacity for the existing wastewater treatment plant are reported inconsistently between the narrative and exhibit. Clarification requested.
- The length of the 16" water line distance is reported inconsistently between the narrative and the exhibit. Clarification requested.
- Formal evaluation and verification that the Medina Valley WSC well can provide adequate water for Alsatian Oaks.
- Invert elevation and preliminary profile for the 21" wastewater line at the termination point on the southeast corner of Alsatian Oaks.
- CPS electrical upgrade needs for the upgraded water system.
- Line item breakdown of the proposed improvement cost estimates.
- Design, permitting, and construction schedule for the proposed improvements.

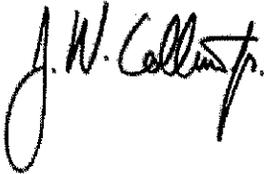
Additional comments:

- The pipe lengths proposed for the water and wastewater lines to the southeastern edge of Alsatian Oaks do not appear accurate based on measurements taken using Google Earth.
- The Report notes two anticipated fire flow demands for Alsatian Oaks, 1,500 gpm and 2,000 gpm. We recommend assuming 2,000 gpm as is typical for commercial development.
- The Report states that there are other proposed developments occurring in the area that could use these utilities. What guarantee can the City provide that the available capacity in the existing wastewater treatment plant and in the proposed water and wastewater infrastructure is reserved for use by Alsatian Oaks?

We will need this information to confirm that the City can comply with its obligations under Section 3.05(a) of the Development Agreement. Without the above requested information, we cannot verify if the proposed improvements will serve Phase 1 of the Development as it relates to scope, cost and schedule.

If you have any questions regarding the information requested, please contact our office at your earliest convenience.

Sincerely,

A handwritten signature in black ink that reads "J. W. Collins, Jr." The signature is written in a cursive style with a large initial "J" and "W".

James Will Collins, Jr.

cc: Mayor and City Council, City of Castroville
Clay Binford, Norton Rose Fulbright US LLP
Russell Persyn, RESPEC
Daryl Spillmann, RESPEC
Matt Cox, Kimley-Horn
Rob Killen, Kaufman Killen, Inc.

CITY OF CASTROVILLE
Little Alsace of Texas
1209 Fiorella Street



CASTROVILLE, TEXAS 78009
(830) 931-4070
(830) 931-6373

January 8, 2020

Mr. James Will Collins, Jr.
Chief Executive Officer
Terracor Real Estate Services
10101 Reunion Place, Suite 500
San Antonio, TX 78216

RE: Response to letter received on December 10, 2019 on Phase 1 Improvements

Dear Mr. Collins,

The City of Castroville has reviewed and discussed the comments with RESPEC Company, LLC (City's Special Engineer) who met with your team on December 16, 2019 to discuss the Phase 1 report. Your comments and our responses are summarized below.

Comments:

- Calculations used to determine the need for a 300,000-gallon ground-storage water tank
 - Response: Calculations for the 300,000-gallon ground storage tank were based on an analysis of the east side infrastructure for the water system. As described in the report, the existing City of Castroville water system feeds the customers east of the Medina River with water from wells west of the river by way of two 8-inch mains under the river. There is an inherent risk with this if one of the mains should fail or go down for maintenance. One main would not adequately provide service to the existing approximately 450 customers and any additional services associated with the Alsatian Oaks development project. A decision was made to include adequate storage for the full buildout of the Alsatian Oaks project. A round number of 1,500 connections was used. Texas Commission on Environmental Quality (TCEQ) regulations require storage of 200 gallons per connection. Therefore, a nominal tank volume of 300,000 gallons was recommended.

- A formal survey and site plan to confirm that the Medina Valley WSC property is large enough for the proposed 300,000-gallon ground-storage water tank
 - Response: Agree this will need to be performed and is assumed to be one of the first tasks once design funds are secured from Alsatian Oaks. Alternatively, Alsatian Oaks could perform survey and provide to City since coordination with engineer indicates they are currently surveying the project. The Medina CAD map data for the Medina Valley WSC site appears to be inaccurate. Survey and title information has been requested from the City of Castroville for the Medina Valley WSC site. The property description with

Medina CAD lists the property as being 0.215 acres, but their maps show an area of less than 0.12 acres.

- The current inflow and capacity for the existing wastewater treatment plant are reported inconsistently between the narrative and exhibit. Clarification requested.
 - Response: Per the sealed design plans of the WWTP expansion, these are the parameters used for the wastewater system capacity
 - Design Peak 2-HR Flow = 2.7 MGD
 - Design Average Daily Flow = 0.9 MGD
 - Permitted Average Daily Flow = 0.7 MGD
 - Current Average Daily Flow = 0.3 MGD
 - The parameter of 0.4 MGD current flow appears to be an error from previous draft versions of the report and should be 0.3 MGD.

- The length of the 16" water line distance is reported inconsistently between the narrative and the exhibit. Clarification requested.
 - Response: The report is reporting distance to FM 471 near existing Walmart signal, but the actual distance is should be 3,600-ft.

- Formal evaluation and verification that the Medina Valley WSC well can provide adequate water for Alsatian Oaks.
 - Response: Formal evaluation should be further discussed as this has potential impacts to current operation. Well logs indicating capacity greater than 2,000-gpm were provided to Alsatian Oaks. We recommend some limited due diligence to make sure well remains in good condition, but extended duration pump testing will be limited. City also recommends Alsatian Oaks conduct due diligence on the well located on their property to understand the value of the asset to the City's water supply planning.

- Invert elevation and preliminary profile for the 21" wastewater line at the termination point on the southeast corner of Alsatian Oaks.
 - Response: As-built plans and existing LiDAR was used to determine the line's ability to gravity flow. Survey will need to be obtained during design to verify. As-built plans were sent to Alsatian Oaks for review and concurrence on approach.

- CPS electrical upgrade needs for the upgraded water system.
 - Response: It is anticipated 3-phase power will likely be needed, but ultimate needs will be determined during design and coordinated with CPS Energy for installation. The report highlighted this so that parties understand this is a need and potential coordination required for successful project implementation. CPS Energy will not begin estimating costs for upgrades until detailed load calculations are available.

- Line item breakdown of the proposed improvement cost estimates
 - Response: The report provided high level costs with contingencies based on unit costs from projects in the San Antonio area. Detailed opinions of probable cost can be developed once design milestones progress. Updated cost tables are below that represent the revised lengths of project.

Table 6-1. Preliminary Water System Construction Improvements

Improvement	Estimate (\$)
Construct a 16-inch interconnect between the Medina Valley WSC and City of Castroville systems (3,600 ft)	800,000
300,000-gallon ground-storage tank	400,000
Upgrade the Medina Valley well to 2,000 gpm	100,000
Install a 7,500-gallon hydropneumatic tank	100,000
Install a 2,000-gpm service pump	50,000
Yard piping improvements at the Medina Valley site (e.g., upgrade existing yard piping to 16 inches and tie-in new equipment; approximately 300 ft of 16-inch pipe and appurtenances)	150,000
Backup generator	50,000
CPS Energy upgrades	50,000
Mobilization, bonds, insurance (14%)	280,000
Water Construction Subtotal	\$1,980,000
Contingency (25%)	495,000
Water Construction Total	\$2,475,000

- Design, permitting, and construction schedule for the proposed improvements
 - Response: At this time, we anticipate due diligence of 2-3 months, design of 6-8 months, procurement of 2-3 months, and construction 6-12 months. Dates are based on availability of funds to proceed.

Additional comments:

- The pipe lengths proposed for the water and wastewater lines to the southeastern edge of Alsatian Oaks do not appear accurate based on measurements taken using Google Earth.
 - Response: Similar to main comment, the termination was revised to the property boundary to provide developer flexibility within their own footprint for scheduling.
- The Report notes two anticipated fire flow demands for Alsatian Oaks, 1,500-gpm and 2,000-gpm. We recommend assuming 2,000-gpm as is typical for commercial development
 - Response: We will use 2,000-gpm moving forward.
- The Report states that there are other proposed developments occurring in the area that could use these utilities. What guarantee can the City provide that the available capacity in the existing wastewater treatment plant and in the proposed water and wastewater infrastructure is reserved for use by Alsatian Oaks?
 - Response: The ability to serve Phase 1 is achieved with this proposed solution. Future capacity will be assessed by the timeline for Phase 2 of the development and needed improvements to serve along with other system needs within the City's service area.

We appreciate the continued cooperation and look forward to advancing discussions on next steps to establishing the funds for the design of the proposed improvements. Please let us know your preferred schedule so that we can continue to make progress on this important development in our City.

Sincerely,

A handwritten signature in blue ink that reads "Jeremy Vilsen".

Interim City Administrator

Cc: Clay Binford, Norton Rose Fulbright US LLP
Russell Persyn, RESPEC
Daryl Spillmann, RESPEC
Matt Cox, Kimley-Horn
Rob Killen, Kaufman Killen, Inc.

ATTACHMENT IV
DEVELOPMENT AGREEMENT

ATTACHMENT V
ESCROW AGREEMENT

ATTACHMENT VI

ALLOCATION OF LUEs BY TYPE OF USE AND PHASE

Allocation by Type of Use

Residential = 1 water LUE and 1 wastewater LUE per lot.

Commercial = 5 water LUEs and 5 wastewater LUEs per acre.

School = 3.3 water LUEs and 3.3 wastewater LUEs per acre.

Amenity Center = 5 water LUEs and 5 wastewater LUEs.

Other = 5 water LUEs and 5 wastewater LUEs per acre.

Phase I Infrastructure Improvements (586 Water and Wastewater LUEs)

236 Residential Lots = 236 water LUEs and 236 wastewater LUEs

70 Acres of Commercial Development = 350 water LUEs and 350 wastewater LUEs

Phase II Infrastructure Improvements (769 Water and Wastewater LUEs)

714 Residential Lots = 714 water LUEs and 714 wastewater LUEs

15 Acre School Site = 50 water LUEs and 50 wastewater LUEs

Amenity Center = 5 water LUEs and 5 wastewater LUEs

03/23/20



To Mayor Santleban and Castroville City Council,

As you are aware, the Novel Corona Virus, (Covid-19) has created a strain on our nation that is unprecedented. We at Hillside are joining many in the Hospitality Industry who are shutting their doors due to drastic government recommendations for people to stay home and not travel. We have been forced to close our restaurant and our spa and have opted to close the hotel until June 1. As we are all weathering the storm, it is with a humble heart we come to the City asking for help.

We are asking the City of Castroville to allow us to keep 100% of the 1st quarter City Hotel Occupancy Tax due on April 20 to help Hillside Boutique Hotel have a chance to stay afloat. Without the help of the City our establishment will likely close for good, meaning Castroville will not be able to offer a viable hotel for travellers, refugees or local families.

Please reach out to me at your earliest convenience with any questions or discussion you would like to have.

Thank you in advance for considering our request for assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Winkler', is written over the word 'Sincerely,'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Joseph Winkler, Hillside Boutique Hotel

joseph@hillside-texas.com

210-882-0813



State of Emergency

COVID-19 News

Sales Tax Help is Available April 16, 2020

We're thankful to those businesses that have and continue to remit state and local sales taxes they collected from customers during the time periods prior to April 1, 2020. We understand that virtually all of our taxpayers are doing their best to remain in compliance and be responsible in submitting the taxes they collected from their customers prior to the imposition of the changes related to addressing the impact of the COVID-19 virus.

Our agency is here to offer assistance to those businesses that are struggling to pay the full amount of sales taxes they collected from their customers prior to April 1, 2020, as a result of COVID-19 restrictions. For businesses that find themselves in this situation, our agency is offering assistance in the form of short-term payment agreements and, in most instances, waivers of penalties and interest.

We ask that you file the sales tax returns that are due on April 20, 2020, make a good faith partial payment and contact our **Enforcement Hotline at 800-252-8880** to learn about your options for remaining in compliance and avoiding interest and late fees on taxes due.

We understand the closures and/or reduced ability to operate was unexpected and sudden, impacting taxpayers' business finances and operations. But it is important to remind all taxpayers that state and local sales taxes collected from their customers are trust fund revenues and, by law, are not intended to be used by businesses as operating funds. Please keep in mind that the sales taxes that taxpayers are continuing to collect from consumers in their current ongoing limited operations after April 1, 2020, will be due on the applicable future due dates with an expectation of full payment of the collected taxes.

We strongly encourage you to use our online tools, tutorials [comptroller.texas.gov/taxes/file-pay/about-webfile.php] and other resources for tax services [comptroller.texas.gov/taxes/], and establish 24/7 account access on Webfile.

We're standing by to help Texas businesses during these difficult times.

Local Government Stimulus Information

The Comptroller's office is committed to ensuring local government entities in Texas have access to stimulus funding information, guidelines and assistance. This page contains a list of resources and

information that we'll add to as soon as more becomes available.

Coronavirus Relief Fund

If your local government is one of 18 local entities in Texas eligible to apply directly for federal funding under the CARES Act, please be aware that **the deadline to apply is Friday, April 17, at 10:59 p.m. CDT (9:59 p.m. MDT).**

You can apply online now.

Local governments **must** submit their certification by **10:59 p.m. CDT (9:59 p.m. MDT)** on April 17.

The U.S. Department of the Treasury has provided important information about the process.

Please be aware of the short timeframe for applying for funding.

Municipal Liquidity Facility

The Municipal Liquidity Facility will offer up to \$500 billion in lending to states and municipalities.

For more information, please visit the Federal Reserve's website.

Commercial Paper Funding Facility

The Commercial Paper Funding Facility was established to enhance the liquidity of the commercial paper market by increasing the availability of term commercial paper funding to issuers and by providing greater assurance to both issuers and investors that firms and municipalities will be able to roll over their maturing commercial paper.

For more information about the Commercial Paper Funding Facility, please visit the Federal Reserve Bank of New York website.

COVID-19 Impact by Business Function

Audit Offices Closed

Due to the challenges created by COVID-19, our audit field offices are temporarily closed. Our staff will continue to fully operate and serve our taxpayers by working remotely. Our auditors have been working remotely to some extent for several years now due to the availability of electronic records. As such, they are accustomed to being able to serve our taxpayers even when they are not present in one of our offices. Our supervisors and managers will still be able to discuss any of your concerns using phone conferencing and WebEx when needed. Audit Headquarters will remain open at this time with a limited number of staff to continue to receive and process refund requests, Statement of Grounds, Certificates of No Tax Due, etc.

We are temporarily suspending the 60-day deadline for businesses to contest audit results. This applies to both redetermination and refund hearings. We will waive interest accrued during this period, and will notify businesses to reestablish a request deadline at a later date. Click here to Request a hearing.

[comptroller.texas.gov/taxes/audit/refund.php]

However, if taxpayers are able to request redetermination during the 60-day deadline, our staff can handle these requests. Please email your requests to audit.processing@cpa.texas.gov

[<mailto:audit.processing@cpa.texas.gov>]. In addition, for payment options please call Randy Pitts at (800) 531-5441, ext. 3-3963.

Educational Opportunities and Investments

For the safety of our customers and staff, we are currently working remotely. We are not anticipating any decline in our service levels and there is no change in the level of security of your account data.

- COVID-19: A Message from the Texas College Savings Plan
- COVID-19: A Message from the LoneStar 529 Plan
- COVID-19: A Message from the Texas Tuition Promise Fund
- COVID-19: A Message from the Texas ABLE Program

Existing Payment Plans -

The Comptroller's office recognizes that many taxpayers face serious hardships because of steps Texans have taken, on their own or at the instruction of state or local governments, to lessen the spread of the coronavirus (COVID-19). To help taxpayers avoid default on existing payment plan agreements, the Comptroller's office will consider, on a case-by-case basis, postponement on the deadlines to remit payments to the Comptroller's office.

Postponement will only apply to existing payment plan agreements for periods *prior* to the February 2020 tax report. The potential postponements will not extend or delay a taxpayer's due dates for remitting or reporting tax collected on behalf of state and local governments. It will also not apply to resolution agreements that specify a deadline to make a single lump sum payment of the entire liability.

The total amount due under the payment plan agreement will not be reduced. After the expiration of the postponement period, all payment deadlines will resume on the next periodic payment deadline as provided in the payment plan agreement. **Postponed payments will be added to the end of the term of the agreement.**

To learn more about payment postponement and to determine if you qualify, or to learn more about relief for remittance of tax after the February 2020 report, please contact the Comptroller's Enforcement Division at 800-252-8880.

Field Offices Closed

Out of an abundance of caution and in compliance with many county and city recommendations, our Taxpayer Services and Collections field offices are temporarily closed.

Use Webfile to file and pay certain taxes electronically. Watch our tutorials to learn more.

Here are some other online tools we offer:

- Change your on-file mailing address or phone number
- Move or add a business location
- Close a business location
- View Franchise Tax Account Status
- Request Tax Certificates and Tax Clearance Letters
- Find the forms and guidance necessary to solve many other issues

Fiscal Management

Payment Scheduling and Advance Payment Policy Update

The Comptroller's office recognizes unique situations may arise if certain vendors require payment before the standard 30-day period in response to emergencies or disasters declared by the governor. If an agency chooses to process an early payment, the agency should document the business justification in terms of the emergency or disaster event. See Payment Scheduling for more information.

A state agency may make an advance payment to purchase goods and services in response to a disaster when the governor has declared a disaster. The advance payment must be necessary and serve a proper public purpose. The Comptroller's office may request additional information to justify any advance payment, including payments made for disaster-related expenses. See Advance Payments for more information.

Contact Expenditure Assistance with questions.

Update on Treasury Operations and Warrant Distribution

Deposits and hours

The state's treasury is accepting check and cash deposits during the coronavirus outbreak. Teller window hours are Monday–Friday, 8:30 a.m.–2 p.m. All deposits received during business hours will post to USAS effective that day.

Warrant distribution

Payment Services will continue to distribute warrants Monday–Friday, 8–10 a.m. at the Lyndon B. Johnson Building, room G-17.

For more information, see Fiscal Management's Disaster Resources.

Property Tax Assistance Division -

Attorney General Opinion on Exemption under Tax Code §11.35

The Texas Attorney General issued Opinion KP-0299 on April 13, 2019, which has been posted to our 2020 Court Decisions and Attorney General Opinions [comptroller.texas.gov/taxes/property-tax/agcourt/index.php#kp-0299-label] webpage. The opinion states:

Section 11.35 of the Tax Code creates a temporary tax exemption for qualified property damaged by a disaster, as declared by the Governor. A court would likely conclude that the Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster. Thus, purely economic, non-physical damage to property caused by the COVID-19 disaster is not eligible for the temporary tax exemption provided by section 11.35 of the Tax Code.

Please consult with your legal counsel if you have any questions.

Appraisal Review Board Training

Due to the declared state of disaster, we will discontinue holding in-person ARB training at this time. We are working on a viable substitute for in-person ARB training that still meets the legal requirements for completion of the ARB training. We filmed one of the live trainings and are evaluating several virtual training options to deliver that training.

Please be aware that any solution will require ARB training attendees to access the training via the internet. We will provide phone and email assistance to the attendees and the supporting staff. We ask that ARB chairs and ARB coordinators also provide support to their members that may need technical assistance in accessing the training.

Binding Arbitration

To support social distancing, the Property Tax Assistance Division (PTAD) encourages arbitrators to hold all property tax arbitration hearings by telephone, as allowed by Comptroller Rule §9.4261(b). If any party to an arbitration requested an in-person hearing on Form AP-219, the arbitrator should contact both parties and obtain written consent to hold the hearing by telephone.

Limited Scope MAP Reviews

On March 13, 2020, the Governor declared a state of disaster in all counties. Your appraisal district may be entitled to receive a Limited Scope MAP review if certain criteria are met:

- Your appraisal district is required to undergo a MAP review this year.

- Your MAP review has not yet started or is currently underway.
- Your appraisal district is established in a county located wholly or partly in an area declared by the governor to be a disaster area
- The disaster caused:
 - a building used by the appraisal district to conduct business to be destroyed or inaccessible or damaged to the extent that it is unusable for at least 30 days;
 - the appraisal district's records to be destroyed or unusable for at least 30 days;
 - the appraisal district's computer system to be destroyed or unusable for at least 30 days; or
 - the appraisal district not to have the resources to undergo a review under this section unless the review is limited in scope.

Please contact us [<mailto:ptad.communications@cpa.texas.gov>] to request a limited scope review if you meet the criteria above.

Appraisal District Operations Surveys

We are extending the deadline for responses the Appraisal District Operations Survey for the 2019 Tax Year until **April 30, 2020**.

Unless otherwise noted, all responses deal with information from the 2019 tax year. A non-fillable PDF version of the survey is available upon request for use as a working copy only.

To request the survey PDF or if you have any questions, please contact Alison Gilliam [<mailto:Alison.Gilliam@cpa.texas.gov>] or call 800-252-9121 (press 1 to access the agency directory and then enter 5-0427).

Statewide Procurement -

Information for Vendors

The State of Texas is seeking critical equipment and capacity for medical providers, such as personal protective equipment (PPE), alternate care sites, and infection-control products. For more information, visit [Texas.gov](https://www.texas.gov) and submit information through the vendor enquiry form for vendors/suppliers who may be able to offer products to the state for COVID-19 incident response. When a vendor submits the online form, Texas Division of Emergency Management (TDEM) staff will automatically receive your detailed information for evaluation.

Vendors may register their business on the Centralized Master Bidders List (CMBL) [comptroller.texas.gov/purchasing/vendor/cmb/] through the Texas Comptroller's office. CMBL is a state database of vendors that are interested in doing business with the state. Read the CMBL FAQ.

[comptroller.texas.gov/purchasing/vendor/cmb/faq.php]

Vendors should also check their contact information is up-to-date on their CMBL accounts by logging into their CMBL account, or contacting CMBL Support at E.CMBL@cpa.texas.gov [mailto:E.CMBL@cpa.texas.gov] or 512-463-3459.

Statewide HUB Registrations

The Historically Underutilized Business (HUB) program is processing applications and providing support to Texas HUBs via our toll-free number 888-863-5881 and by the Statewide HUB email [mailto:StatewideHUBProgram@cpa.texas.gov].

Application information can be found on the HUB pages. [comptroller.texas.gov/purchasing/vendor/hub/]

Supporting documents for new HUB applications and recertification may be mailed to:

Statewide HUB Program
PO Box 13186
Austin, TX 78711-3186

No in-person appointments or drop-off applications are being accepted at this time.

Training and Certification for Purchasers and Contract Managers

All in-person classes CTCD/CTCM have been suspended; Limited testing hours are available for the University of Texas-proctored exams for the CTCD/CTCM exams beginning March 23. Additional limited in-person testing times are being scheduled by the SPD training office. CTCD and CTCM renewals are being processed. More information is available at Statewide Procurement Education System.

Tax Filing Relief

- Franchise Tax [comptroller.texas.gov/taxes/franchise/filing-extensions.php]
- Independently Procured Insurance Tax [comptroller.texas.gov/taxes/insurance/independent.php]
- Motor Vehicle Tax [comptroller.texas.gov/taxes/motor-vehicle/sales-use.php]

Unclaimed Property -

In response to the spread of COVID-19, the Texas Comptroller's office has implemented agency-wide teleworking beginning Monday, March 16.

Due to this, our walk-in office is currently closed. ClaimItTexas.org remains online to file claims, submit documentation, request property searches, and file unclaimed property reports. Additionally, our staff is available to answer questions by calling 1-800-321-2274, Monday-Friday 8:00 a.m. – 5:00 p.m.

While our mailroom operations currently remain open, we encourage you to make full use of all our online tools before mailing in documentation. This ensures that our staff members can receive all necessary information in the fastest possible manner.

Due to the decrease in number of bids and overall interest, we are suspending our weekly auction until further notice.

For questions about COVID-19, dial 2-1-1, then choose Option 6 for updates from the Texas Department of State Health Services. Hours: 7 a.m. – 8 p.m., seven days per week .

If you experience difficulty when dialing 2-1-1, please email coronavirus@dshs.texas.gov
[mailto:coronavirus@dshs.texas.gov].



CITY COUNCIL AGENDA REPORT

DATE: 4/23/2020

AGENDA OF: Devin Fredrickson – Director of Parks and Recreation/Streets

DEPARTMENT: Streets

SUBJECT: Council update of pending Alsace Ave project.

RECOMMENDATION:

BACKGROUND:

Alsace Ave started late February 2020 by county and contractor. Early April the county had to pull out of the project which made this project come to a standstill until a quote from contractor could be obtained to finish project.

FISCAL IMPACT/SOURCE OF FUNDING:

Road Material	\$9180.25
Contractor Fee (Milling of Road and Chip seal)	\$4000.00
Additional Fee for contractor Base Work	\$4952.00
Total Cost	\$18,132.25

Funding- 50807-906 Street and Drainage \$18,132.25

ATTACHMENTS:

- Quote Provided By Contractor
- Material Quotes

Submitted by: Devin Fredrickson

A handwritten signature in black ink, appearing to read "Devin Fredrickson", written over a horizontal line.

Approved by:

MGMC
145 PR 4775
Castroville, TX 78009
(830)931-9272
cheryl.maples@yahoo.com

Estimate

ADDRESS

City of Castroville
1209 Fiorella Street
Castroville, Texas 78009

ESTIMATE # 1487

DATE 01/24/2020

SALES REP

JC

ACTIVITY

QTY RATE AMOUNT

Regarding Alsace Avenue Project

road work and paving

1 4,000.00 4,000.00

Reclaim approximately 21,000 Sq Ft of Alsace Avenue. After county finishes the base work, MGMC will shoot oil and chip seal the road.

*Note: City of Castroville is to furnish the Rock and Oil for paving. MGMC is to furnish only the Reclaiming Machine, Oil Truck, Chip Spreader and Labor for these machines.

TOTAL

\$4,000.00

Accepted By



Accepted Date

1/27/2020



10-50807-906

Simpson Crushed Stone LLC

Hondo

1948 CR 1234

Nemo, TX 76070

817-556-1853 Office

817-558-6322 Fax

Hondo Price List 2020

1 3/4" Base	\$5.25
1" utility rock	\$10.00
2x3 Oversize	\$9.50
3x5 Oversize	\$10.00
57 Stone	\$10.00
3/4 Base	\$5.25
Fill dirt	\$2.50
Grade 4	\$10.00
Grade 5	\$12.00
Screenings	\$4.00
Top Soil	\$5.50

QUOTE SHEET

11612 RM 2244, Building 1, Suite 250
Austin, Texas 78738
(512) 469-9292 - PHONE
(512) 469-0391 - FAX

ERGON, INC.

TO: CITY OF CASTROVILLE

ATTENTION: DEVIN FREDRICKSON
devin.fredrickson@castrovilletx.gov

DATE: APRIL 7, 2020

PROJECT #: ALSACE AVENUE

COUNTY: MEDINA

PLANNED QUANTITY: _____

PRODUCT: CRS-2

PLANT LOCATION: PLEASANTON, TEXAS

FOB PLANT: \$2.35/GALLON

FREIGHT: \$0.15/GALLON

TOTAL DELIVERED PRICE: \$2.50/GALLON

Freight is based on a full transport load of 5,500 gallons or more.
Demurrage is \$90.00/hr after the first two hours.
Pump & hose charge is \$90.00 per load.
A Federal Environmental Fee will be added to above price at \$.00150/gallon.

JOB LOCATION: _____

ACCEPTED AND AGREED TO

20____

BY: _____

TITLE: _____

ERGON ASPHALT & EMULSIONS, INC.

BY: CODY R. CHAMBLISS

TITLE: AREA SALES MANAGER

4:46 AM Tue, Jan 21

First Baptist Church
of Castroville

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CITY COUNCIL AGENDA REPORT

DATE: April 21, 2020

AGENDA OF: April 28, 2020

DEPARTMENT: Finance

SUBJECT: Quarterly Financial Report for the Period Ending March 31, 2020

RECOMMENDATION:

Accept FY 2020 Second Quarter Financial Reports

BACKGROUND:

The City's Financial Policy requires that City Council receive a financial report on a quarterly basis comparing expenditures and revenues to current budget, for the quarter and fiscal year-to-date, projecting expenditures, and revenues through the end of the fiscal year.

DISCUSSION:

The Second Quarter FY 2020 Financial Report is from January 1 thru March 31, 2020 and represents 50% of the fiscal year.

<u>2nd Quarter Revenue</u>		<u>2nd Quarter Expenditures</u>	
General Fund	61.62%	General Fund	39.27%
Utility Fund	31.63%	Utility Fund	32.18%
Airport Fund	34.16%	Airport Fund	39.80%

Revenues and expenditures should be at 50% at the end of the second quarter. For this period, the revenues in the General Fund are higher than the expected due to most of the property taxes being collected in the second quarter. Revenues in the Utility Fund are lower due to the decrease in fees collected during the current fiscal year. Revenues for the Airport Fund are low due to facility rentals and fuel sales being less than anticipated.

FISCAL IMPACT/SOURCE OF FUNDING:

Fiscal Year Budget

Submitted and Approved by:

4/21/20

Interim City Administrator/Finance Director

ATTACHMENTS/ADDITIONAL INFORMATION:

FY 2020 1st Quarter Financial Report

General Fund Revenue Expense Report

As of March 31, 2020

Portion of the Year Expired 50%

	FY 2020 Budget	FY 2020 YTD	% of Budget
REVENUES			
Sales Tax	\$ 1,078,363	\$ 567,866	52.66%
Property Tax	984,511	1,084,277	110.13%
Municipal Court	245,787	108,104	43.98%
Parks & Recreation	221,800	64,444	29.05%
Other Revenue	395,624	89,739	22.68%
Transfer In	873,347	426,873	48.88%
	\$ 3,799,432	\$ 2,341,303	61.62%
EXPENDITURES			
City Council			
Personnel Services	\$ 7,106	\$ 1,667	23.46%
Supplies	1,700	296	17.41%
Education & Training	8,000	3,137	39.21%
Miscellaneous	33,500	7,861	23.46%
	\$ 50,306	\$ 12,961	25.76%
City Administration			
Personnel Services	\$ 157,841	\$ 25,498	16.15%
Supplies	10,700	5,676	53.04%
Purchased Services	35,400	19,341	54.64%
Contracted Services	97,000	36,475	37.60%
Education & Training	8,200	2,873	35.04%
Repairs & Maintenance	21,000	13,419	63.90%
Miscellaneous	1,500	327	21.80%
	\$ 331,641	\$ 103,609	31.24%
Finance			
Personnel Services	\$ 253,760	\$ 113,205	44.61%
Supplies	11,450	3,837	33.51%
Contracted Services	43,500	21,485	49.39%
Education & Training	8,000	3,042	38.02%
Technology	3,000	720	24.01%
Miscellaneous	1,500	218	14.52%
	\$ 321,210	\$ 142,507	44.37%
Human Resources			
Supplies	1,300	406	31.24%
Contracted Services	3,300	1,729	52.40%
Education & Training	7,250	5,568	76.80%
	\$ 11,850	\$ 7,703	65.00%

Misc. supplies for start up of new year
TML Insurance

Masonry repairs behind downspouts @ city hall

Technology lap top for HR
Staff training, gift cards for all employees (Thanksgiving/Christmas)

General Fund Revenue Expense Report
As of March 31, 2020
Portion of the Year Expired 50%

	FY 2020 Budget	FY 2020 YTD	% of Budget	
Library				
Personnel Services	\$ 100,628	\$ 49,775	49.46%	
Supplies	34,000	17,899	52.65%	Purchase of library books, monthly utilities, annual dues
Purchased Services	13,684	6,432	47.00%	
Contracted Services	9,500	5,859	61.68%	Janitorial services (Jani King), Apollo annual subscription
Education & Training	2,100	1,039	49.46%	
Technology	1,500	195	12.98%	
Repairs & Maintenance	1,216	753	61.90%	misc. building repairs, pest control
Miscellaneous	2,500	1,415	56.61%	misc. purchases for library activities - Wal-Mart, Target, Amazon
	\$ 165,128	\$ 83,366	50.49%	
Police				
Personnel Services	\$ 646,200	\$ 346,671	53.65%	Salaries and benefits
Supplies	50,150	20,561	41.00%	
Purchased Services	35,500	19,646	55.34%	Long distance, internet, cell phone
Contracted Services	14,877	4,089	27.48%	
Education & Training	9,250	6,968	75.33%	Required training for license up keep/ grant writing workshop
Technology	10,418	1,590	15.26%	
Repairs & Maintenance	44,750	15,514	34.67%	
Miscellaneous	5,250	1,826	34.78%	
Capital Outlay	102,594	71,070	69.27%	Purchase of 2 - chevy tahoes
	\$ 918,989	\$ 487,934	53.09%	
Municipal Court				
Personnel Services	\$ 83,338	\$ 43,325	51.99%	Salaries and benefits
Supplies	2,700	(76)	-2.81%	
Purchased Services	2,000	238	11.92%	
Contracted Services	18,000	5,231	29.06%	
Education & Training	1,500	196	13.07%	
Technology	3,750	-	0.00%	
Repairs & Maintenance	200	-	0.00%	
Miscellaneous	2,250	463	20.57%	
	\$ 113,738	\$ 49,377	43.41%	
Community Development				
Personnel Services	\$ 124,550	\$ 48,796	39.18%	
Supplies	5,100	1,418	27.81%	
Purchased Services	8,800	1,618	18.38%	
Contracted Services	86,410	27,367	31.67%	
Education & Training	2,000	1,299	64.94%	Code compliance officer training for Soto & Brooks
Technology	2,790	2,790	100.00%	Computer/equipment for new code compliance officer
Repairs & Maintenance	1,100	60	5.47%	
Miscellaneous	750	135	18.00%	
	\$ 231,500	\$ 83,483	36.06%	

General Fund Revenue Expense Report

As of March 31, 2020

Portion of the Year Expired 50%

	FY 2020 Budget	FY 2020 YTD	% of Budget	
Public Services				
Personnel Services	\$ 149,540	\$ 55,307	36.98%	
Supplies	113,700	63,672	56.00%	Public Service -Electric Usage
Purchased Services	3,300	1,195	36.21%	
Contracted Services	9,500	1,511	15.90%	
Education & Training	1,500	457	30.47%	
Repairs & Maintenance	297,032	22,269	7.50%	
Miscellaneous	4,500	2,417	53.70%	Street and stop signs order
Capital Outlay	150,000	450	0.30%	
	\$ 729,072	\$ 147,277	20.20%	
Parks & Recreation				
Personnel Services	\$ 182,290	\$ 105,223	57.72%	Salaries and benefits
Supplies	47,550	16,908	35.56%	
Purchased Services	14,361	7,641	53.20%	Uniform for personnel, purchase of iPad for remote workorder
Contracted Services	12,000	3,824	31.86%	
Education & Training	1,000	546	54.55%	Employee training
Technology	1,630	-	0.00%	
Repairs & Maintenance	30,750	10,318	33.55%	
Miscellaneous	10,400	6,605	63.51%	Misc. park refunds
	\$ 299,981	\$ 151,063	50.36%	
Animal Control				
Personnel Services	\$ 55,228	\$ 27,094	49.06%	
Supplies	4,590	1,380	30.06%	
Purchased Services	3,855	1,245	32.29%	
Education & Training	1,000	746	74.65%	Mandatory training - legal updates
Repairs & Maintenance	7,050	1,423	20.18%	
Miscellaneous	100	-	0.00%	
	\$ 71,823	\$ 31,888	44.40%	
Swimming Pool				
Personnel Services	\$ 77,600	\$ 5,625	7.25%	
Supplies	35,300	8,953	25.36%	
Purchased Services	1,922	172	8.97%	
Contracted Services	4,056	369	9.10%	
Education & Training	2,000	-	0.00%	
Repairs & Maintenance	13,487	600	4.45%	
Miscellaneous	3,255	-	0.00%	
Capital Outlay	8,500	8,240	96.94%	Sand change out and filter rebuild
	\$ 146,120	\$ 23,959	16.40%	

General Fund Revenue Expense Report
As of March 31, 2020
Portion of the Year Expired 50%

	FY 2020 Budget	FY 2020 YTD	% of Budget	
City Secretary				
Personnel Services	\$ 98,390	\$ 49,069	49.87%	
Supplies	22,450	4,672	20.81%	
Purchased Services	11,400	3,953	34.68%	
Education & Training	3,500	1,717	49.05%	
Repairs & Maintenance	250	-	0.00%	
Miscellaneous	250	-	0.00%	
	\$ 136,240	\$ 59,411	43.61%	
RV Park				
Supplies	21,850	10,851	49.66%	
Purchased Services	500	-	0.00%	
Contracted Services	2,700	1,531	56.71%	Laundry equipment lease
Repairs & Maintenance	4,135	1,753	42.39%	
Miscellaneous	65	310	476.92%	Misc. RV Park refunds
	\$ 29,250	\$ 14,445	49.38%	
Information Technology				
Purchased Services	\$ 15,000	\$ 4,268	28.45%	
Contracted Services	106,610	25,042	23.49%	
Technology	41,471	24,413	58.87%	Annual incode software, email migration of office 365
	\$ 163,081	\$ 53,722	32.94%	
Non-Departmental				
Personnel Services	\$ 1,300	\$ 1,131	87.03%	Unemployment insurance
Supplies	14,000	8,013	57.24%	Electrical usage for city hall and all other non defined dept.
Purchased Services	14,700	9,118	62.03%	Copier lease agreements
Miscellaneous	2,500	1,868	74.72%	Christmas lights (Received CPS donation)
	\$ 32,500	\$ 20,131	61.94%	
Transfer Out				
Transfer Out	\$ 25,000	\$ 10,612	42.45%	
	\$ 25,000	\$ 10,612	42.45%	
Total Expenditures	\$ 3,777,429	\$ 1,483,449	39.27%	
REVENUE OVER EXPENDITURES	\$ 22,003	\$ 857,855		

Utility Fund Revenue Expense Report

As of March 31, 2020

Portion of the Year Expired 50%

	FY 2020 Budget	FY 2020 YTD	% of Budget
REVENUES			
Utility Sales	\$ 6,113,200	\$ 2,770,195	45.31%
Utility Services	60,500	38,082	62.95%
Other Services	2,795,390	29,061	1.04%
	\$ 8,969,090	\$ 2,837,339	31.63%
EXPENDITURES			
Utility Administration			
Employee Distribution	\$ 503,216	\$ 233,153	46.33%
Supplies	46,700	17,033	36.47%
Purchased Services	56,150	25,475	45.37%
Contracted Services	47,208	29,781	63.09%
Education & Training	9,000	2,773	30.81%
Technology	35,023	17,524	50.04%
Repairs & Maintenance	31,156	3,423	10.99%
Miscellaneous	700	84	12.04%
Capital Outlay	90,214	30,684	34.01%
Transfers Out	142,023	3,511	2.47%
	\$ 961,390	\$ 363,442	37.80%
Gas			
Supplies	\$ 179,000	\$ 84,976	47.47%
Contracted Services	110,040	42,850	38.94%
Education and Training	1,500	1,542	102.77%
Repairs & Maintenance	5,700	1,098	19.26%
Transfer Out	147,623	73,812	50.00%
	\$ 443,863	\$ 204,277	46.02%
Sewer			
Employee Distribution	\$ 172,400	\$ 79,393	46.05%
Supplies	288,300	94,313	32.71%
Purchased Services	6,325	1,058	16.73%
Contracted Services	390,225	76,209	19.53%
Education & Training	3,200	1,717	0.00%
Repairs & Maintenance	179,225	120,995	67.51%
Miscellaneous	325	325	100.00%
Capital Outlay	643,750	57,607	8.95%
Transfer Out	734,849	144,392	19.65%
	\$ 2,418,599	\$ 576,009	23.82%
Electric			
Employee Distribution	\$ 230,840	\$ 98,317	42.59%
Supplies	2,362,326	765,643	32.41%
Purchased Services	6,475	1,378	21.28%
Contracted Services	175,000	-	0.00%
Education & Training	16,350	540	3.30%
Repairs & Maintenance	105,408	41,524	39.39%
Capital Outlay	215,000	-	0.00%
Transfer Out	334,650	167,325	50.00%
	\$ 3,446,049	\$ 1,074,726	31.19%

Audit Fee, Outside contracted services

Employee training

Emergency panel order, parts, labor, generator/cable, telehandler
Paying agent fee for Bond

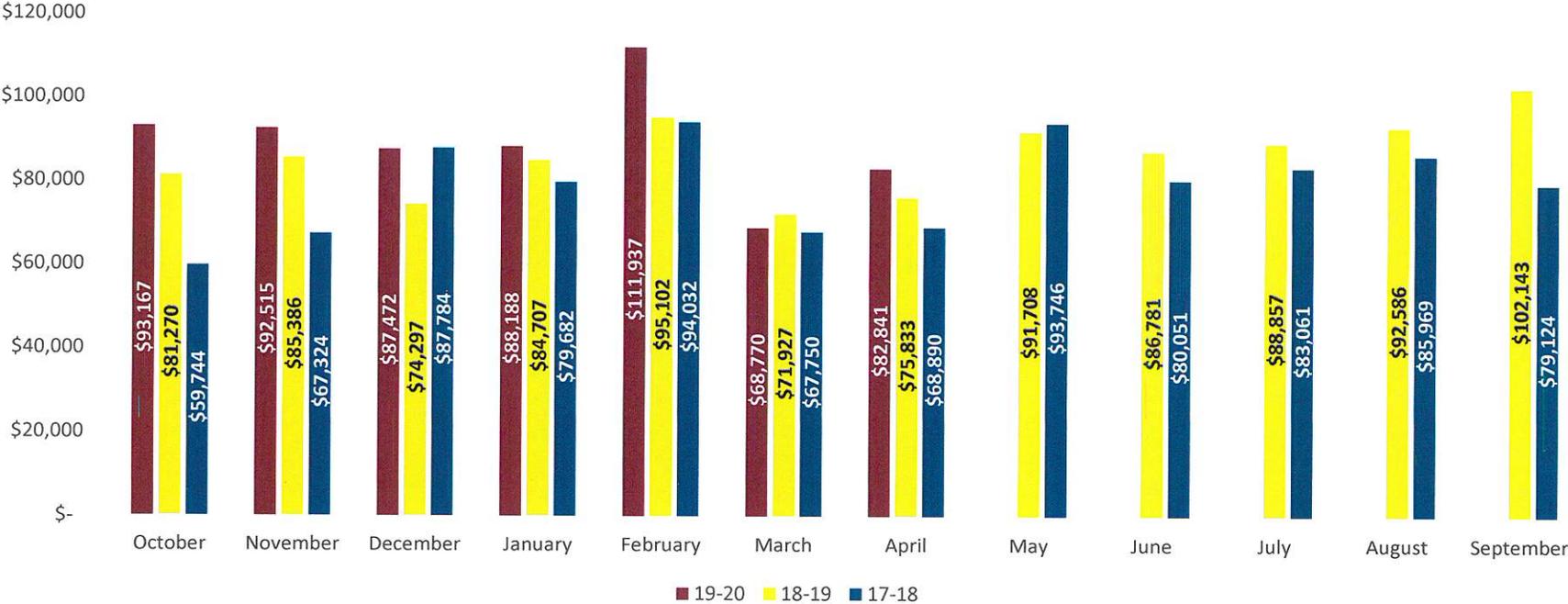
Utility Fund Revenue Expense Report
As of March 31, 2020
Portion of the Year Expired 50%

	FY 2020 Budget	FY 2020 YTD	% of Budget	
Water				
Employee Distribution	\$ 183,110	\$ 99,867	54.54%	Salaries/Benefits
Supplies	148,000	61,425	41.50%	
Purchased Services	15,853	9,827	61.99%	Uniform expense, utility mapping
Contracted Services	140,300	35,302	25.16%	
Education & Training	4,350	4,047	93.03%	Required training for license upkeep, license renewals
Repairs & Maintenance	110,000	45,835	41.67%	
Miscellaneous	2,200	325	14.77%	
Capital Outlay	7,200	-	0.00%	
Transfer Out	558,176	198,840	35.62%	
	\$ 1,169,189	\$ 455,468	38.96%	
Refuse				
Contracted Services	\$ 460,000	\$ 212,258	46.14%	
	\$ 460,000	\$ 212,258	46.14%	
Non-Departmental				
Contracted Services	\$ 70,000	\$ -	0.00%	
	\$ 70,000	\$ -	0.00%	
Total Expenditures	\$ 8,969,090	\$ 2,886,180	32.18%	
REVENUE OVER EXPENDITURES	\$ -	\$ (48,841)		

Airport Fund Revenue Expense Report
As of March 31, 2020
Portion of the Year Expired 50%

	FY 2020 Budget	FY 2020 YTD	% of Budget	Explanation of Overages
REVENUES				
Facility Rentals	\$ 320,838	\$ 152,544	47.55%	
Fuel Sales	174,000	83,557	48.02%	
Other Revenue	267,279	24,269	9.08%	
	\$ 762,117	\$ 260,371	34.16%	
EXPENDITURES				
Personnel Services	\$ 133,970	\$ 60,598	45.23%	
Supplies	177,970	96,935	54.47%	Utility Expense, Aviation/Jet Fuel
Purchased Services	21,450	10,627	49.54%	
Contracted Services	100,379	74,889	74.61%	Attorney fees, insurance claim repairs, AWOS
Education & Training	2,000	757	37.85%	
Technology	1,700	1,326	78.01%	Computer Software/Maintenance
Repairs & Maintenance	213,423	55,841	26.16%	
Miscellaneous	350	50	14.29%	
Capital Outlay	40,000	-	0.00%	
Transfer Out	66,009	400	0.61%	
	\$ 757,251	\$ 301,422	39.80%	
REVENUE OVER EXPENDITURES	\$ 4,865.48	\$ (41,051.83)		

City of Castroville Sales Tax Comparison





CITY COUNCIL AGENDA REPORT

DATE: April 21, 2020

AGENDA OF: April 28, 2020

DEPARTMENT: Finance

SUBJECT:

Quarterly Investment Report for the period ending March 31, 2020

RECOMMENDATION:

Accept FY 2020 2nd Quarter Investment Report.

BACKGROUND:

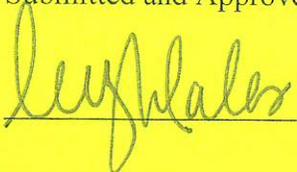
The Public Funds Investment Act requires the Investment Officer to prepare and submit to City Council a report on investment transactions for all funds on a quarterly basis

DISCUSSION:

As reflected on the Schedule of Investments, the Texas Water Development Funds are invested in Money Market funds. These funds were disbursed to the City of Castroville and invested in money market funds with BOK. Staff will continue monitoring interest rate activity and act accordingly when opportunities arise and in keeping with our investment policy requirements of safety, liquidity yield, and diversity.

FISCAL IMPACT/SOURCE OF FUNDING: None

Submitted and Approved by:

 4/21/20

Interim City Administrator/Finance Director

ATTACHMENTS/ADDITIONAL INFORMATION:

None

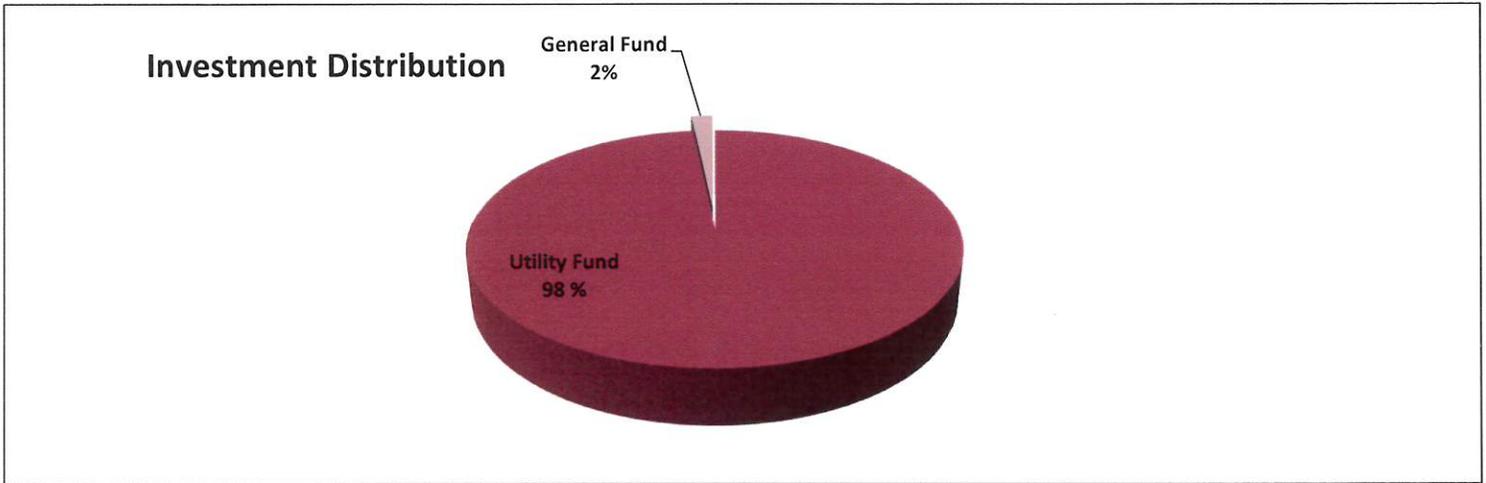
Schedule of Investment Activity - By Fund
For the quarter ending March 31, 2020

***Money Market-Dollar Value Distribution**

FUND	Financial Institution	Maturity Date	Book Value 10/1/2016	Value 10/1/2017	Additions/Deletions	Current Period Income	Book Value 9/30/2019	% of Total Investments
CWSRF Ser 2015 Escrow	BOK *013	n/a	2,763,176.14	757,325.54	-	1,843.29	759,168.83	40.88%
DWSRF Ser 2015A Escrow	BOK *021	n/a	3,129,895.76	854,060.13	-	2,078.74	856,138.87	46.10%
CWSRF Ser 2015B Escrow	BOK *039	n/a	8,420,672.72	110,730.33	(15,460.00)	261.36	95,531.69	5.14%
CWSRF Ser 2017B Escrow	BOK *012	n/a	-	97,066.36	-	268.98	97,335.34	5.24%
DWSRF Ser 2013 Escrow	BOK *017	n/a	-	48,803.35	-	178.33	48,981.68	2.64%
Yearly Weighted avg interest rate		0.41%	14,313,744.62	1,867,985.71	(15,460.00)	4,630.70	1,857,156.41	100.0%
Total Investments-All Types			\$ 14,313,744.62	\$ 1,867,985.71	\$ (15,460.00)	\$ 4,630.70	\$ 1,857,156.41	\$ 1.00

CWSRF - Clean Water State Revolving Fund
DWSRF - Drinking Water State Revolving Fund

*These instruments are short-term cash equivalents: book value and market value are equal unless otherwise noted.



This quarterly investment report complies with the investment strategy as enumerated in the City of Castroville Investment Policy and all provisions of the Public Funds Investment Act (GC § 2256.023).

We hereby certify, the above Investment Report is a true and correct representation of the investment position of the City of Castroville, Texas as of March 31, 2020.

Signed this 21 day of April 2020

Leroy Vidales
Investment Officer
Interim City Administrator



CITY COUNCIL AGENDA REPORT

DATE: March 31, 2020

AGENDA OF: City Council Meeting on April 14, 2020 or Sooner

DEPARTMENT: City Secretary

SUBJECT: COVID-19 Mitigation Instructions for Castroville

RECOMMENDATION: Please add “Discuss and take appropriate action to approve the COVID-19 Mitigation Instructions for Castroville (latest version) and request the Mayor approve and put them in effect as soon as possible. (Mayor Pro Tem Dyer)” to the agenda for the next meeting.

BACKGROUND: The Mayor tasked Mayor Pro Tem Dyer to work with the City Staff and write these instructions for implementation due to the COVID-19 medical emergency.

DISCUSSION: These instructions are intended to be published publicly so that the City employees, staff and the citizens of Castroville are kept safe and fully informed of the emergency situation caused by the COVID-19 Corona virus. If approved, they will remain in effect until the Mayor declares the emergency has ended.

FISCAL IMPACT/SOURCE OF FUNDING: There are significant increases in expenses for purchase of equipment and supplies to combat the COVID-19 virus. Productivity will decrease because employees must clean and sanitize their work environment at the beginning, middle and end of each shift. Full impact can only be estimated because the duration is unknown.

Submitted by:

HERB DYER, MAYOR PRO TEM

Approved by:

ATTACHMENTS/ADDITIONAL INFORMATION: COVID-19 Mitigation Instructions for Castroville Version 1.7 dated March 31, 2020

2.0

CF: Via email to the Mayor and City Administrator.

1. **Situation:** A world-wide pandemic caused by the COVID-19 Corona Virus was declared by the World Health Organization on March 11, 2020. The President of the United States declared it a national emergency on March 13, 2020 and federal, state, county, and municipal governments are reacting to ensure the public safety.
2. **Objective:** These instructions are supplemental to the Federal Emergency Management Agency (FEMA) instructions already issued and are not intended to change or replace them. These COVID-19 Mitigation Instructions for City employees and citizens provide additional temporary instructions and procedures necessary to ensure Castroville citizens, City and business employees and all visitors in Castroville are kept safe and fully informed of the emergency medical situation caused by the COVID-19 Corona Virus. They will remain in effect until the Mayor declares the emergency has ended.
3. **Emergency Declarations:** Federal, Texas State, Medina County, and Castroville municipal emergency declarations were declared to ensure an efficient and coordinated response to this emergency that optimizes the use of available resources to provide essential support to all those in need. Everyone's cooperation is needed to enforce these declarations.
4. **Emergency City Organization:** The City Emergency Management Team (EMT) consists of three levels, the team leader, the emergency management team, and the city staff managers and employees.
 - a. **Emergency Management Team Leader:** The Mayor is the Team Leader and is backed up by the Police Chief.
 - b. **Emergency Management Core Team:** The Mayor, Police Chief, City Administrator, City Secretary, Public Works Director, District 1 City Council Member, who is a certified emergency disaster preparedness planner, and the Mayor Pro Tem comprise the EMT core team.
 - c. **City Staff Managers and Employees:** All City employees are members of the EMT. The Mayor may assign other persons to the EMT as required.
5. **Emergency Operations Center (EOC):** The Castroville Emergency Operations Center will be activated by direction of the Mayor. It will be located in the Municipal Airport Conference Room. The Airport Manager is designated the custodian of the EOC facility. City employees will be assigned by the City Administrator to temporarily work in the EOC, and they will take direction from the Airport Manager. The Mayor will determine when the EOC will be activated and whether it will be operated one, two or three shifts per day. The facility will not be open to the public and the Police Department will provide adequate security to team members. All EMT meetings will take place in this facility.

- a. **Maintain Situational Awareness:** The EOC will stay aware of all available information about COVID-19 infected people, status of all City employees, casualties, and all support requirements to help citizens avoid illness and recovery rapidly when stricken. The Mayor, Police Chief, and the core EMT members will identify to the EOC shift supervisor the critical items of information that are to be continuously tracked, recorded and displayed on charts in the EOC.
- b. **Protect Personal Privacy:** It is essential that the EOC be aware of all who are infected with COVID-19 and where they are located, in order to keep emergency services personnel aware of the danger. Appendix A – City Employee Absences Due to COVID-19 and Appendix B – Citizen COVID-19 Infection Timelines will be maintained by the EOC staff. Everyone must be aware of their responsibility to protect the privacy of all people who become ill with COVID-19. Names and addresses cannot be disclosed to the public. Staff must use appropriate referencing systems to guarantee personal information is not inadvertently disclosed to the public.
- c. **EOC Shift Schedules:** For essential/identified personnel.
 - i. **Normal Single Shift:** Single shift hours are 8:00 AM to 5:00 PM.
 - ii. **Extended Two Shifts:** Two shift hours are 6:00 AM to 2:00 PM for 1st shift and 2:00 PM to 10:00 PM for 2nd shift.
 - iii. **Continuous Three Shifts:** Three shift hours are 6:00 AM to 2:00 PM for 1st shift, 2:00 PM to 10:00 PM for 2nd shift, and 10:00 PM to 6:00 AM for 3rd shift.
- d. **Essential Staff for each EOC shift:**
 - i. The shift supervisor will maintain the EOC and ensure it provides continuous support, including staff scheduling, appropriate teleconferencing speaker phone, telephone and internet connectivity, administrative support to the Emergency Management Team, and coordination with the City staff managers and employees.
 - ii. The telephone operator will answer calls and provide current information to callers.
 - iii. The activity log clerk will maintain the continuous paper-based activity log that documents all relevant activities taken in support of the emergency. The log may be prepared on a computer, but there must be permanent consecutively numbered printed pages available to the EMT.
 - iv. All EOC staff members are expected to remain on duty their entire shift and they must notify the shift supervisor if exceptions are needed.
 - v. The shift supervisor will coordinate with the Airport Manager for facility needs and with the City Administrator for any other requirements.
 - vi. The Mayor may add specialized persons to the EOC staff as necessary.

6. Communications:

a. **External Communications:** All external communications are to be conducted by the Mayor, working with appropriate government agencies, and the Police Chief, working with appropriate emergency management agencies. No other City personnel should be involved with organizations outside the City, with the following exceptions:

- i. The Airport Manager may have need of coordinating with federal or state aviation agencies, but all such interactions must be briefed to the EMT core team.
- ii. The certified emergency disaster preparedness planner may have need to coordinate with Medina County health officials, but all such interactions must be briefed to the EMT core team.

b. **Internal Communications:** All internal City communications are to be coordinated and authorized by the Emergency Management Team. Numbered and dated Castroville Emergency Notices will be released for dissemination throughout the City. The goal is to disseminate accurate and timely information. The following methods will be used to disseminate this information:

- i. **Castroville Website:** Citizens are encouraged to sign up for Medina County and Castroville I-Info automatic service notifications via text messaging and email.
- ii. **City Bulletin Board at City Hall:**
- iii. **City Facebook Site:**
- iv. **Castroville News Bulletin (Official City Newspaper)**
- v. **Castroville Area Chamber of Commerce:**
- vi. **Castroville Area Economic Development Council:**
- vii. **City will attempt to add a City TV Channel on CommZoom cable system:**
- viii. **City Emergency Notices distributed to churches, Post Office, grocery and retail stores, and restaurants with drive-thru or take-out services:**
- ix. **Telephone calls to City facilities:**
- x. **Personal interactions with City officials and citizens:**
- xi. **Other means as necessary:**

7. **Meetings, Public Facilities, Private Businesses, and Public Gatherings:** All meetings should be conducted by teleconference if possible. If a physical meeting is absolutely necessary, participants must comply with the Social Distancing guidelines of maintaining at least six feet between individuals at all times, and prohibiting gatherings of more than 10 personnel in one place, the following guidelines are provided:

- a. Recurring City Meetings:
- i. 4:00 PM Daily: Mayor and Chief of Police teleconference with federal, state and county officials.
 - ii. 9:00 AM Daily: City Administrator Staff teleconference.
 - iii. 1:00 PM Every Wednesday: City Administrator City-wide Businesses and Organizations teleconference (dial-in and PIN numbers to be provided) with:
 1. Banks
 2. Carry-Out and Drive-Through Restaurants
 3. Castroville Area Chamber of Commerce (CACOC)
 4. Castroville Area Economic Development Council (CAEDC)
 5. Castroville News Bulletin
 6. Churches
 7. Convenience Stores
 8. Doctors, Dentists, and Veterinarians
 9. Hotels, Bed and Breakfasts, and Hospitality Businesses
 10. Gas Stations
 11. Liquor Stores
 12. Medical Clinics
 13. Medina Valley Independent School District (MVISD)
 14. Museums
 15. Nursing Homes and Assisted Living facilities
 16. Pharmacies
 17. Restaurants (Eat-In)
 18. Retail Businesses
 19. Service Businesses
 20. Telecommunications Companies
 21. Tourism Organizations
 22. True Value Hardware
 23. Walmart
- b. City Council Meetings: The Texas Governor has announced temporary relaxation of some parts of the Texas Open Meetings Act (TOMA) and the Texas Public Information Act (TPIA) due to the state of medical emergency.
- i. All City Council meetings will be conducted using audio conferencing technology with audio recorded and posted on the City Website as soon as possible after the meeting. It may be possible for a live stream of the Mayor or the presiding officer using both audio and video simultaneously live streamed on the City Website for the public to watch. Only essential participants will be permitted in the Council Chamber.
 - ii. To minimize excessive background noise, everyone who dials into the meeting should keep their phone continuously muted until they are recognized by the Mayor or the presiding officer.

- iii. Citizens who wish to listen or present Citizen Comments may call the number published by the City Secretary in the meeting notice, enter the conference code, and follow the instructions to enable them to join the conference call. Those who wish to speak during Citizens Comments must wait to be recognized by the Mayor or presiding officer, then un-mute their phone and present their comments. When they finish speaking, they should mute their phone.
 - iv. Briefers and presenters will be kept outside the Council Chamber until their presentation is called for by the Mayor or presiding officer and all who enter the Council Chamber must observe the Social Distancing requirement of six feet from other people.
- c. Mayor's Updates to the City: The Mayor may present updates as appropriate to the citizens by live streaming presentations on the City Website.
- d. Other Essential Meetings: The Mayor may approve other appropriate meetings that will comply with the medical emergency guidelines.
- e. Public Facilities: The following public facilities are affected by this medical emergency. Managers will place appropriate signage to inform the public. If necessary, the Police Department will place yellow police tape around closed facilities such as public restrooms, picnic tables, walking trail entrances, and athletic facilities to make it clear they are closed and cannot be used.
- i. City Hall: In order to minimize risk to employees working in City Hall, citizens are encouraged to pay City bills using personal checks via the Drop Box outside City Hall. Cash payments to the Municipal Court will require citizens to enter the clerk's office through the back door, one person at a time, maintaining the Social Distancing rule of at least six feet of separation, and go to the Municipal Court window to pay. The public restroom behind City Hall is closed for the duration of the medical emergency, so no restrooms are available to the public in City Hall. All other parts of City Hall must remain restricted to essential City Employees only.
 - ii. Public Works Complex:
 - 1. Citizens are asked to minimize personal visits to the PW Complex. Telephone, email, or written correspondence delivered by the USPS should be used whenever possible. If a situation warrants a personal visit, citizens should ring the doorbell. Visitors are required to maintain Social Distancing at all times. Additionally, when Public Works employees are working on or near public or private property, citizens are required to maintain Social Distancing from them at all times.

2. Many citizens are purchasing bottled water, but tap water is tested and regulated by the City under the supervision of the Texas Commission on Environmental Quality (TCEQ). Tap water is safe to consume. All other utility services are operable and currently stable.
- iii. Municipal Airport: All aviation activities will continue but will be limited to groups of not more than ten persons, and all must maintain Social Distancing requirements at all times. People arriving from areas experiencing COVID-19 outbreaks are required to immediately complete and submit documentation to the Airport Manager declaring where and when they will self-quarantine IAW state, county and municipal declarations of medical emergency. The Airport Terminal Building is closed to the public; however, all appropriate access is available to aviation operations.
 - iv. Library: The Library is closed to the public for the duration of the medical emergency. The City may conduct activities in the building in support of efforts directed by the Mayor.
 - v. Regional Park: The walking area around the perimeter of the Regional Park will remain open for public use; however, citizens are required to maintain Social Distancing of at least six feet. The public restrooms in the common area are closed for the duration of the medical emergency.
 1. City Pool: The City Pool is closed to the public for the duration of the medical emergency. The City may conduct activities in the building in support of efforts directed by the Mayor.
 2. RV Park: No new customers may contract for use of the RV Park for the duration of the medical emergency. Customers already in the RV Park may stay in accordance with current City Policy; however, they must vacate the RV Park when they have stayed the maximum duration of six months. Visitors are required to maintain Social Distancing at all times.
 3. Organized Sports Activities in the Regional Park: All organized sports activities using sports fields are suspended for the duration of the medical emergency.
 4. Walking Trails in the Regional Park: Walking Trails are closed for the duration of the medical emergency.
 - vi. Lion's Park: The walking area around the perimeter of Lion's Park will remain open for public use; however, citizens are required to maintain Social

Distancing of at least six feet. The sports field and the public restrooms in the common area are closed for the duration of the medical emergency.

- vii. Athletic Complex at the Municipal Airport: All organized sports activities using sports fields in the Athletic Complex are suspended for the duration of the medical emergency. The public restrooms in the common area are closed for the duration of the medical emergency.
- f. Private Businesses: All private business facilities are affected by this medical emergency to some degree. Each business should remain aware of the federal, state, county, and city emergency declarations and strive to comply.
- i. All persons 10 years old and older must wear a face covering that covers their nose and mouth when in public places or entering retail stores, service or hospitality facilities, restaurants or carry-out food stores, pharmacies, medical treatment facilities or working where social distancing can't be maintained. Frequently changing City Ordinances approved by the City Council contain more detailed instructions, exemptions and expiration dates.
 - ii. Social gathering six-foot restrictions and limiting the total number of people gathering to ten persons must be followed.
 - iii. All non-essential businesses must close for the duration of the medical emergency.
 - iv. Essential retail and service businesses that provide food and home supplies, pharmacy services, medical treatment, gas, and essential repair services should attempt to remain in operation in accordance with government guidelines.
 - v. All open businesses are encouraged to prominently display the most current Castroville Emergency Notice so that walk-in, drive-thru, and take-out customers can see it.
- g. Public Gatherings: All public gatherings involving more than ten persons are prohibited by government emergency declarations, The City has cancelled all such scheduled activities for the duration of the medical emergency.

8. Protecting City Employees:

- a. Improved work attendance records: Until the EOC is activated by the Mayor, each department manager will maintain the attached spreadsheet at Appendix A – City Employee Absences Due to COVID-19. When the EOC is activated each department manager will provide the information to the EOC to maintain. Department managers must inform the City Administrator before they reach the point of having their department become non-functional due to absences in order that contingency operations can be put in motion to keep critical services functioning.

- b. Identify “At-Risk” Employees: Department managers must identify “At-Risk” employees and whenever possible, direct them to work from home.
- c. Sick people stay home: Department managers must personally ask every employee at the beginning of every shift if they have a sore throat, fever, or persistent cough and if they do, send the employee home on paid sick leave until the risk of infecting others is mitigated. We don’t want potentially infected people to be at financial risk if they are sent home.
- d. Personal Hygiene: Employees must perform good personal hygiene continuously throughout the workday. This is the single most effective method of personal protection.
 - i. Department managers will ensure there is plenty of soap on hand at all sinks and that paper towels or paper rolls are readily available.
 - ii. Everyone must cover their coughs or sneezes and refrain from touching their nose, mouth or eyes.
 - iii. Wash hands often with soap, especially after you cough or sneeze.
- e. Cleaning the Workplace: Every employee must take personal responsibility for keeping their workplace clean and sanitized. Department managers must plan for reduced productivity due to time spent cleaning and sanitizing the workplace and they must plan ahead to order and keep cleaning supplies on hand.
 - i. Individual desks and workspaces: Each employee must be provided cleaning sprays and paper towels, and they must be given time at the beginning, middle and the end of their shift to pause and clean their workspace.
 - ii. Telephones, computer mice and keyboards, desks, counters and light switches must all be cleaned and sanitized regularly.
- f. Cleaning City Vehicles, Equipment and Tools: Every employee must take personal responsibility for keeping their vehicles, equipment and tools clean and sanitized. Department managers must plan for reduced productivity due to time spent cleaning and sanitizing vehicles; equipment and tools and they must plan ahead to order and keep cleaning supplies on hand.
 - i. Vehicles:
 - 1. Each employee must be provided cleaning sprays and paper towels, and they must be given time at the beginning, middle and the end of their shift to stop and clean their vehicle interior and equipment surfaces they touch.
 - 2. Steering wheels, shift handles, switches, seats, door handles and keys must all be cleaned and sanitized regularly.
 - ii. Equipment and Tools:
 - 1. Each employee must be provided cleaning sprays and paper towels, and they must be given time at the beginning, middle and the end of

- their shift to pause and clean their equipment and tool surfaces they touch.
 - 2. Equipment steering wheels, control and shift levers, switches, seats, door handles and keys must all be cleaned and sanitized regularly.
 - 3. Tool handles and surfaces that are touched must be cleaned and sanitized regularly.
- g. Contract Cleaning Services for City Building: The City Administrator will ensure all commercial custodial vendors are performing all the services and utilizing the required sanitizers and soaps specified in their contracts. Appropriate inspections and interaction with vendors will help ensure services are being performed correctly. If necessary, contract modifications should be made to add additional vendors or increase the frequency of regular cleaning services.
- h. Minimizing contact with Citizens using Social Distancing: Every employee should maintain a minimum of six feet distance between themselves and citizens around them at all times.
- i. Personal Protective Equipment (PPE): Each department will establish written instructions for the wear and disposal of PPE, and conduct training for all personnel who will use PPE. As the number of sick people increases, the level of PPE use will have to increase. Employees should use the “buddy system” and have another employee visually inspect that all protective clothing and equipment is properly worn.
 - i. Gloves
 - ii. Masks
 - iii. Protective Clothing
 - iv. Respirators
- j. Decontaminating Exposed Clothing and Equipment:
 - i. Once exposed to sick people, disposable PPE is contaminated and must be properly disposed. Each department will establish appropriate disposal procedures that ensure used PPE poses no risk of further contamination.
 - ii. Reusable PPE will be decontaminated, inspected and reused in accordance with the manufacturer’s instructions or other more stringent instructions adopted by department managers.
- k. Pre-Ordering Essential Supplies: Department managers must order essential supplies for at least the next 90 days assuming the number of sick people will continue to increase for the foreseeable future.
- l. Work from Home: When determined appropriate by the department manager, some employees involved with administrative duties that could be done from home, will

be authorized to telecommute from home. Department managers must keep the EOC informed on a daily basis, of the names and positions of those employees.

m. Interim Pay Policy: This item will be moved into City Personnel Policy.

9. Maintaining City Operations:

a. Continuity of Operations Planning:

- i. Department managers must inform the City Administrator if shift schedules will be changed to account for reduced or staggered staffing, or to provide additional time for cleaning and sanitizing. Staggering start time for shifts may help reduce the risks of infection. Round-the-clock emergency services must be maintained, but the number of employees involved should be kept to the minimum necessary to reduce exposure.
- ii. Each City department must immediately assemble written instructions for day-to-day essential operations into binders. These binders must be clearly marked and readily accessible because some employees may become ill and be replaced with temporary personnel who won't have any knowledge of normal operations.
- iii. Departments must make additional copies, as needed, that can be taken with the employee to job site for state regulated and complicated procedures such as water testing.
- iv. The master set of documents must remain in the department headquarters.

b. Memorandums of Agreement/Understanding (MOA/MOU):

- i. If any established MOAs or MOUs exist within a department, they must be immediately assembled into clearly marked binders and be readily accessible to department managers.
- ii. If a department staff is reduced due to employees becoming ill, the department manager should inform the Emergency Management Team in order that additional personnel replacements can be arranged before essential operations are seriously degraded.
- iii. It is possible that department staffs could become so degraded due to illness, that an entirely new staff will have to be constituted to continue essential operations, so MOAs and MOUs would have to be executed on very short notice.

c. Finance Department: It is imperative the Finance Department collects and maintains statistical information pertinent to the medical emergency in order to provide the Statistical Summary Charts in Appendix C that show daily changes. These charts will

be used by the Mayor and the Emergency Management Team to make decisions about City operations to protect citizens.

- i. Revenue Collections: Citizens adversely impacted by the medical emergency may not be able to pay all their normal monthly bills because they have been laid off of work or have been confined to their homes. Additionally, some City facilities that normally generate revenue are temporarily closed.
 - ii. Castroville Utility System Revenue: The City Council approved a temporary measure to preclude all utility system disconnects for non-payment effective March 24, 2020. Therefore, no utility service disconnects for non-payment will be made until further noticed. Accumulation of late fees continues until the City Council acts to provide guidance
 - iii. City Operating Reserve: The City operating reserve generally is sufficient for 90 to 120 days of normal operations.
 1. The reduction of revenues caused by the medical emergency will quickly reduce the number of days of reserves. Therefore, the Finance Department must monitor daily revenues and update the Operating Reserve sheet in the Statistical Summary Charts workbook on a daily basis.
 2. If it becomes apparent that the City's Operating Reserve is going to decline below the level mandated by Texas Local Government Code, the City Administrator must take immediate proactive steps to request appropriate financial assistance from the county and state and report such actions to the City Council for expeditious approval.
 - iv. Small Business Loans under Chapter 380 of Texas Governmental Code: The Finance Department will immediately research all available options to create some form of financial relief for small business in Castroville. The options and the potential financing and payment methods will be presented to the City Council for consideration as soon as possible.
- d. Stay-at-Home Order: The Mayor is preparing Appendix D - Stay-at-Home Order for Castroville citizens. It will be implemented if the medical emergency situation deteriorates further. All City departments must become familiar with this order and be prepared to adapt internal operations to comply with it.
- i. Citizens should not leave their homes unnecessarily to visit or socialize. The Police Department will ask any groups meeting in the public space or groups that may be seen meeting in private space to disband and return to their homes for the duration of the medical emergency.
 - ii. The Mayor may direct the Police Department to enforce the current City ordinance providing for a 9:00 PM to 5:00 AM curfew. If the medical emergency worsens, the Mayor may ask the City Council to expand the curfew hours.

10. Supplies and Logistics:

- a. Inventory What We Have:

- b. Plan for What We Will Need:
- c. Order As Soon As Possible:
- d. Learn What Emergency Supplies May Be Available for county, state and federal agencies:

ADOPTED BY THE CITY COUNCIL ON THE _____ DAY OF APRIL 2020.

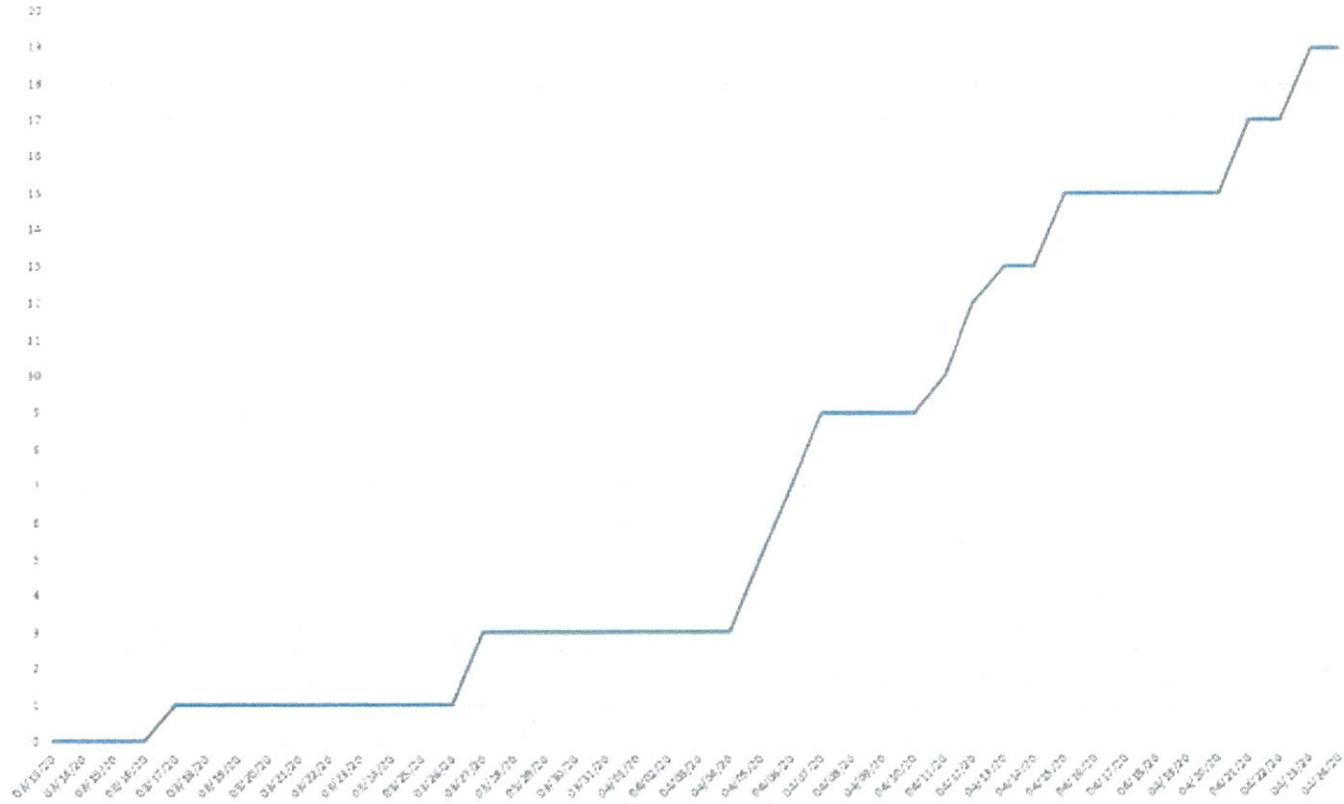
IMPLEMENTED BY THE MAYOR ON THE _____ DAY OF APRIL 2020.

 PHYLLIS SANTLEBEN, MAYOR

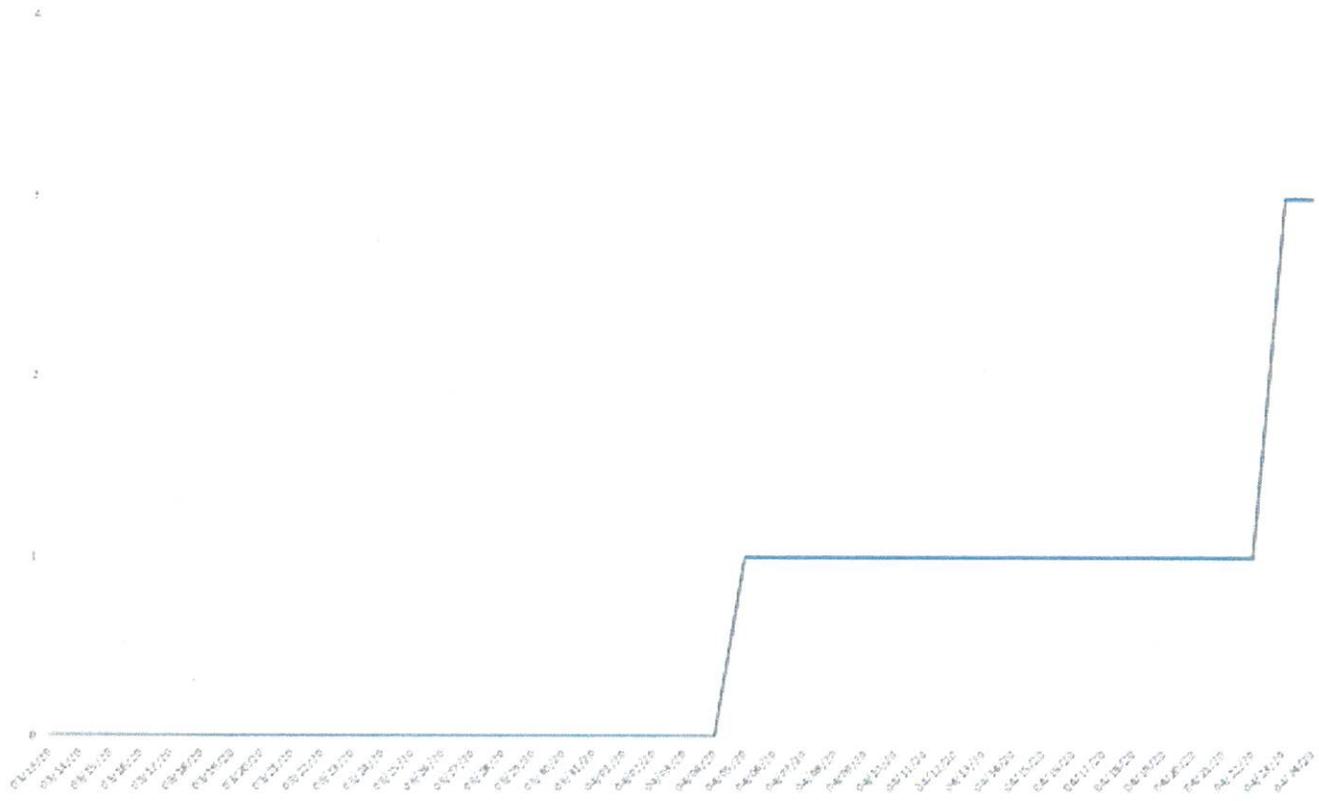
APPENDICES:

- A – City Employee Absences Due to COVID-19
- B – Citizen COVID-19 Infection Timelines
- C – Statistical Summary Charts
- D – Stay-at-Home Order

COVID-19 CASES IN MEDINA COUNTY



COVID-19 CASES IN ZIP CODE 78009



Case Nbr	Date Symptoms Appeared	Date Diagnosed by a Doctor	Date Quarantine Started	Date Quarantine Ended	Date Hospitalized	Date Hospitalization Ended	First Name	Last Name	Address	Age	Remarks
C1											
C2											
C3											
C4											
C5											
C6											
C7											
C8											
C9											
C10											
C11											
C12											
C13											
C14											
C15											
C16											
C17											
C18											
C19											
C20											

FOR OFFICIAL USE ONLY

APPENDIX A - CITY EMPLOYEE ABSENCES DUE TO COVID-19

Case Nbr	Date Symptoms Appeared	Date Sent Home by Manager	Date Diagnosed by a Doctor	Date Quarentine Started	Date Hospitalized	Date Quarantine Ended	Date Hospiatliza-tion Ended	Date Cleared to Return to Work	First Name	Last Name	Remarks
E1											
E2											
E3											
E4											
E5											
E6											
E7											
E8											
E9											
E10											
E11											
E12											
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E14											
E15											
E16											
E17											
E18											
E19											
E20											



CITY COUNCIL AGENDA REPORT

DATE: March 27, 2020

AGENDA OF: City Council Meeting on April 14, 2020 or sooner

DEPARTMENT: City Secretary

SUBJECT: A Resolution Reinforcing City Policy on Mayor's Interaction with City Employees

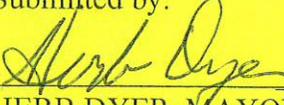
RECOMMENDATION: Please add "Discuss and take appropriate action to pass a Resolution Reinforcing City Policy on Mayor's Interaction with City Employees (Mayor Pro Tem Dyer and Councilman Carey)." to the agenda for the next meeting.

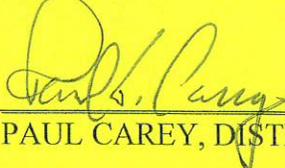
BACKGROUND: Nine City employees felt compelled to band together and write a formal letter to the City Council dated December 10, 2019, Subject: Blatant Disrespect and Micro-management of Staff, wherein they asked City Council to intervein by providing direction to the Mayor to modify her behavior towards City staff by stopping the Mayor's daily bickering, harassment, slander and defamation of City employees and belittling their professionalism, and by stopping the Mayor from expressing constant verbal distain for the City Administrator and the City Secretary during meetings where City staff is present

DISCUSSION: The City Council showed the Mayor that letter on December 10, 2019 before the City Council meeting, with the expectation that the Mayor would self-initiate corrective actions. By March 27, 2020, there is little indication the Mayor has modified interactions with City staff to remedy these complaints.

FISCAL IMPACT/SOURCE OF FUNDING: None.

Submitted by:


HERB DYER, MAYOR PRO TEM


PAUL CAREY, DISTRICT 2 CITY COUNCILMAN

Approved by:

Attachment 1: Copy of the City Employee letter referenced above.

Attachment 2: Draft Resolution for review and presentation to City Council.

CF: Via email to the Mayor and City Administrator.



City Of Castroville

1209 Fiorella St., Castroville, TX 78009 | (830) 931-4070

10-Dec-19

To: City of Castroville Council Members

Subj: Blatant Disrespect and Micro-management of Staff

Dear City of Castroville Council Members:

The writing of this letter is to express the deep concern of management and staff members in the handling of day-to-day operations. The constant bickering, harassment, slander, and defamation of the employees by the Mayor is exhausting. Daily, the staff is accused, by the Mayor, of spending too much money, doing things "illegally", not understanding, or not doing their job at all. The constant disruption of staff having to combat every item the Mayor puts out daily is taxing and unnecessary. Constant reaching out to the city attorney to place blame on staff and get legal advice is costly and uncalled for. Staff is highly educated and very professional. However, they feel as though the Mayor belittles their professionalism, causing roadblocks to their daily operations. Hours and money are spent running around in circles putting out all the "Fires" caused by the Mayor's social media statements and undue tasks that are not related to keeping this City running. Years of information is being sifted through with no just cause, in order to place blame or wrong doing on past administrations. The division between council, staff, and the Mayor show an inefficient and unsuitable image in the eyes of the taxpayer citizens. There is no clear roadmap for future growth in this community. There is extreme disconnect between the wishes of council and the directions being given by the Mayor. The City Administrator has worked diligently to bring the management departments into a cohesive unit. This is undermined when the Mayor gives management or staff direct orders and circumvents the City administrator and his position. The constant disdain from the Mayor towards the City Administrator and the City Secretary divide the progress that is trying to be diligently accomplished by the employees. The department heads and staff must be united on a single front to accomplish future growth for this city. The city administrator is the guiding light for this organization and must be given the respect the position deserves. Hopefully, this letter serves to inform the Council of the feelings of staff and action is taken to get all parties working towards a common goal

Sincerely,
The Undersigned



David K. Kutzrich
Patricia Sanford
Chico B...
John James
Breana Soto
Mark M...
Siggen
Angela A...

**A RESOLUTION OF THE CITY COUNCIL OF CASTROVILLE, TEXAS
REINFORCING CITY POLICY ON MAYOR'S INTERACTION WITH
CITY EMPLOYEES FOR THE CITY OF CASTROVILLE, TEXAS**

WHEREAS, the City of Castroville has a City staff comprised of over 40 professional, highly skilled employees dedicated to providing citizens with dependable City services; and:

WHEREAS, the City of Castroville is fortunate to have a dedicated, hard-working Mayor who works tirelessly for the benefit of all citizens; and:

WHEREAS, the City Council works to provide the City with appropriate ordinances, resolutions, policies and City budgets to enable the safe and efficient operation of the City for the benefit of citizens; and:

WHEREAS, nine City employees felt compelled to band together and write a formal letter to the City Council dated December 10, 2019, Subject: Blatant Disrespect and Micro-management of Staff, wherein they asked City Council to intervene by providing direction to the Mayor to modify her behavior towards City staff by stopping the Mayor's daily bickering, harassment, slander and defamation of City employees and belittling their professionalism, and by stopping the Mayor from expressing constant verbal disdain for the City Administrator and the City Secretary during meetings where City staff is present; and:

WHEREAS, City Council showed the Mayor that letter on December 10, 2019 before the City Council meeting, with the expectation that the Mayor would self-initiate corrective actions; and:

WHEREAS, by March 27, 2020, there is little indication the Mayor has modified interactions with City staff to remedy these complaints.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CASTROVILLE, TEXAS, THAT:

Section 1. Castroville City Council respectfully reminds the Mayor:

- a. To fully comply with City Ordinances precluding the Mayor and City Council Members from interacting directly with City employees or giving orders or instructions to them:
 - i. The City Council gave the City Administrator full responsibility to organize, direct, and manage the City staff.
 - ii. The Mayor and City Council members must direct all communications to the City Administrator who will take appropriate actions.
 - iii. The Mayor is the presiding officer at all City Council meetings and may interact with City employees as appropriate and necessary during those public meetings.

- b. To stop displaying public enmity and distain for the City Administrator and City Secretary.
 - i. Constant criticism of the City Administrator and City Secretary undermines their ability to lead and support a positive, success-oriented workforce.
 - ii. The City Administrator and the City Secretary serve at the pleasure of the City Council.
 - iii. The Mayor may bring complaints or criticisms about the City Administrator or the City Secretary to the City Council for resolution.

- c. To stop attending City employee meetings for which the Mayor hasn't received an invitation from the City Administrator to participate.
 - i. The Mayor's presence at meetings chaired by the City Administrator or other City Directors or Managers undermines the authority of those leaders.
 - ii. The Mayor's presence in City employees' meetings intimidates many employees and causes them to refrain from offering their ideas and perspective.
 - iii. Neither the Mayor nor City Council members should participate in City employee meetings unless the City Administrator invites them.

- d. To refrain from saying disparaging remarks about the current City Budget.
 - i. The mayor repeatedly states publicly the FY2020 City Budget is not the Mayor's budget. The Mayor chose not to perform duties as the City Budget Officer during the entire FY2020 Budget preparation process from April through September 2019. Instead, the Mayor relegated those duties to the Assistant Budget Officer who is the City Administrator. The City Council approved the Mayor's FY2020 Budget and when it is criticized by the Mayor, that criticism undermines the confidence of citizens in our City government.
 - ii. The Mayor should submit FY2021 Budget Guidance to the Assistant Budget Officer not later than the first week in April 2020 to start the process of creating the FY2021 Budget.
 - iii. The Assistant Budget Officer will schedule and coordinate budget preparation meetings with the City staff and City Council during which the Mayor can reiterate FY2021 Budget Guidance.
 - iv. The Mayor's FY2021 Budget will be presented to the City Council for approval in accordance with Texas Government Code guidelines.

Section 2. Finding adopted. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 3. Severability. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City hereby declares that this resolution would have been enacted without such invalid provision.

Section 4. Texas Open Meetings Act. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the

time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 5. Effective Date. This Resolution shall become effective immediately upon its passage, approval and publication as provided by law.

ADOPTED by the City Council on this _____ day of _____, 2020.

APPROVED by the Mayor on this _____ day of _____, 2020.

CITY OF CASTROVILLE

By: _____

PHYLLIS SANTLEBEN, MAYOR

ATTEST:

APPROVED AS TO FORM:

DEBRA HOWE, CITY SECRETARY

CYNTHIA TREVINO, CITY ATTORNEY