

**MINUTES OF THE CITY COUNCIL  
OF THE CITY OF GALVESTON  
WORKSHOP - AUGUST 14, 2025**

8/14/2025 - City Council Minutes

**1 DECLARATION OF A QUORUM AND CALL MEETING TO ORDER**

**Mayor Brown declared a quorum and called the meeting to order at 9:01 a.m.**

**2 ROLL CALL**

**Present: Mayor Craig Brown, Mayor Pro Tem Marie Robb, Council Member Sharon Lewis, Council Member David Finklea, Council Member Bob Brown, Council Member Alex Porretto, and Council Member Beau Rawlins.**

**3 WORKSHOP ITEMS**

**3.A Interviews of Wharves Board and Planning Commission Applicants**

**Wharves Board - Council interviewed applicants Bill Rouse, Erik Stramblad, Willy Gonzalez, Donna Stevenson, Claire Garza, and Randall Miller.**

**Planning Commission - Council interviewed applicants James Banks, Mary Jan Lantz, Floyd Holder IV, and Herb Walpole.**

**3.B Discussion of the Interlocal Agreement and Hotel Occupancy Tax Contract with the Park Board ( D Buckley - 20 min )**

**Deputy City Manager Dan Buckley provided City Council with key revisions to the updated Interlocal Agreement and Hotel Occupancy Tax (HOT) contract with the Park Board, aimed at improving clarity, accountability, and financial transparency. The new Interlocal establishes defined service responsibilities, measurable performance standards, and funding based on actual costs—such as increasing the City’s contribution for seawall maintenance from \$200K to \$305K and reducing seawall amenities costs from over \$1M to about \$697K through better staffing alignment and clearer delineation between minor and major maintenance. A two-year base term allows annual renewals through 2030, and provisions were added to address future capital improvements, FEMA project transitions, and new lease arrangements like at Seawolf Park. The updated HOT contract includes stricter restrictions on eligible expenditures (e.g., prohibiting use for attorney fees, severance, or alcohol—except under a new, stricter internal policy for business development), and changes how funds are distributed quarterly to improve cash flow management. Staff expects final approval later this month, pending Park Board trustee review.**

**3.C Presentation and Discussion of the FY 2025 - 2026 Park Board Budget ( C Ludanyi /Park Board Staff - 30 min )**

**Finance Director Csilla Ludanyi presented the Park Board's FY26 budget which includes \$19.2 million from the Hotel Occupancy Tax (HOT), plus \$2.3 million in additional city funds for services like seawall maintenance. The city will now collect all HOT revenues starting October 1 and apply a 4% administrative fee before transferring funds, creating an unanticipated \$513,000 shortfall in the Park Board's budget since they initially budgeted to receive the full amount without accounting for this fee. This has sparked ongoing discussions between the city and Park Board to resolve the deficit, with potential measures including eliminating merit increases to help balance the budget, though stakeholders recognize the complexity and challenges of these adjustments.**

**3.D Presentation of the City of Galveston's FY 2025-2026 Proposed Budgets, Tax Rate and Capital Improvement Projects ( C Ludanyi - 1 hour )**

**Budget Discussions**

- 1. Garage and Information Technology Internal Service funds, and reserve funds (Porretto/Rawlins/Robb)**
- 2. Parks Department maintenance of City Owned and Non-City owned assets (Porretto/Rawlins)**

**Finance Director Csilla Ludanyi presented the City's proposed budget, tax rate, and capital improvement projects, including garage, IT, internal services, parks maintenance, and bonds for fire stations and street repairs.**

**The Council received draft budgets on August 8th, coinciding with unexpected news from the Galveston County Appraisal District about a major taxpayer at the Port claiming a 100% tax exemption. This significantly reduces the City's tax base and requires recalculations affecting not only the City but also the navigation and school districts. The budget adoption timeline includes adopting the budget and tax rate on August 28th, a public hearing the same day, and a final tax rate vote on September 18th.**

**Tax Rate and Revenue Highlights:**

- The proposed property tax rate is 0.4125, aimed at closing a revenue gap. This aligns closely with the "no new revenue" rate, keeping the City's tax position moderate within Galveston County.**
- FY25 saw a one-time \$2.8 million boost from an airport land sale, plus gains in interest and sales tax.**
- The City expects to end FY25 with about 114 days of fund balance, nearing the goal of 120 days.**
- FY26 projected revenue after tax adjustments is around \$84.3 million, factoring in some administrative fee increases.**
- Expenditure increases are driven by collective bargaining agreements for police, fire, EMS, animal control, and a 10% rise in health insurance costs, which the City**

plans to mitigate partially by altering health plans.

- A \$450,000 additional revenue loss is acknowledged, with ongoing consideration of solutions.

#### **Fund Balances and Internal Service Funds:**

- The City manages internal service funds for the garage and central services (including IT and facilities), maintaining fund balances to cover unexpected expenses such as equipment replacement.
- The garage fund has roughly \$1 million in reserves (\$400K inventory, \$600K cash), planning to rebate \$300K back to departments to reduce general fund costs.
- The central services fund maintains about \$2 million after planned reductions, supporting ongoing projects and contingencies.
- Annual or quarterly budget “true-ups” help adjust for fluctuations, but smaller margins mean less ability to return funds to departments over time.

#### **Reserves and Financial Policies:**

- The City sets capped, budgeted reserves in internal service funds rather than simply carrying over fund balances, which helps with transparency and risk management.
- Reserves serve as a contingency for emergencies and volatile costs, like fuel price spikes or major equipment failures.
- The policy aims to maintain 90–120 days of operating reserves, with 120 days seen as best practice by bond rating agencies.
- Using reserves to balance the budget is considered a one-time fix; if reserves deplete, fees or budgets will need to increase in the future.
- The City’s financial approach emphasizes sustainable decision-making to maintain solvency, transparency, and quality of life for citizens.

#### **Budgeting Challenges and Transparency:**

- The budgeting system includes many separate funds earmarked for specific purposes, making tracking and accountability complex.
- Clear policies and reporting are necessary to avoid confusion and maintain public trust.
- Internal service funds currently lack a formal break-even policy, and recommended practice is to charge back unused funds to originating departments.
- Budget amendments are common as actual costs (fuel, maintenance, software projects) shift during the year.

### **3.E Discussion of Fire Station #2 Bond**

### 3.F Discussion of Street Repair Bond

The City Council is considering a \$60 million bond election this November to fund \$50 million in street improvements and \$10 million for Fire Station 2 upgrades, with a clear tax increase disclosure required by new state law per Bond Counsel Barron Wallace. The bond focuses on capital projects such as mill and overlay resurfacing, selective full-depth street reconstruction, and ADA and traffic upgrades, while routine maintenance remains funded separately. Discussion was held over balancing cost-effective asphalt repairs versus more durable but expensive concrete reconstruction, with concerns about equity across neighborhoods and voter fatigue. The fire station is a high priority, though there's caution about starting design work before bond approval. If the bond fails, legal restrictions prevent issuing Certificates of Obligation or reattempting the bond for three years, prompting some to suggest delaying the street bond for better planning and community engagement.

### 3.G Galveston Housing Finance Corporation/Galveston Property Finance Authority committee introduction, mission, strategy discussion (B Brown/C Brown -20 min)

Council Member Brown reported that the Galveston Housing Finance Corporation/Galveston Property Finance Authority committee has reactivated after nearly two years to address the island's growing housing affordability challenges, focusing on supporting attainable homeownership for middle-income, working families earning 60-140% of the area median income. While not directly building homes, the committee leverages financial tools, partnerships, and strategic plans to promote sustainable housing solutions that prevent Galveston from becoming an exclusive, wealthy-only community. Emphasizing collaboration with employers, community organizations, and other housing entities, they aim to fill the missing middle gap by offering down payment assistance and soft subsidies, maintaining financial sustainability through prudent asset management and innovative funding partnerships, all while ensuring transparency and alignment with city priorities.

### 3.H Galveston Community Police Association Presentation and Discussion ( M Robb/C Brown - 15min )

Captain Perez provided Council with information on the Galveston Community Police Foundation, a new nonprofit, that was created to raise funds supporting the Galveston Police Department, especially to address officer shortages and high local housing costs. They aim to help officers live locally through long-term affordable leases and fund programs or equipment not covered by the city budget. The foundation plans to raise up to \$1 million yearly with community and corporate support, strengthening police resources and safety on the island.

## 4 EXECUTIVE SESSION

Pursuant to Texas Gov't Code § 551.074.related to Personnel Matters, the Council

will convene in executive session to discuss the possible appointment, employment, and/or reassignment of one the following city employees to fill the position and perform the duties of the City Attorney at the time the position becomes vacant for a period of time to be set by Council:

- 4.A Beverly West  
Donna Fairweather  
Trevor Fanning

**Mayor Brown announced that Beverly West withdrew her name from the candidates for interim City Attorney. City Council convened into Executive Session at 3:31 p.m. and reconvened into Open Session at 3:55 p.m. No action was taken during Executive Session.**

## 5 CONSENT ITEMS

**Mayor Brown made a motion to approve Consent Items 5.A and 5.B, with Council Member Porretto seconding the motion. Unanimously approved.**

- 5.A Consider for approval a contract to renew video streaming services for City Council and various other city board meetings with Granicus, LLC, utilizing TIPS Contract #220105, authorizing the City Manager to enter into a three (3) year contract, and sign all documents upon the review and approval of the City Attorney. (B. Sanderson)
- 5.B Consider for approval staff augmentation services and permanent placement fees through RobertHalf utilizing HGAC Contract No. TS06-25 in the amount of \$80,000. (H. Dean)

## 6 ACTION ITEMS

- 6.A Consider For Approval An Ordinance Calling A Bond Election To Be Held Within The City Of Galveston, Texas To Fund Certain Public Improvements For Streets And Fire Facilities; Making Provisions For The Conduct And The Giving Of Notice Of The Election; And Containing Other Provisions Relating Thereto.

The proposed election will be held on November 4, 2025 within the City. The proposed propositions generally relate to the construction of public improvements for streets and fire facilities. The proposed election ordinance reflecting the proposed amounts and scope of the propositions is available for review at <https://galvestontx.portal.civicclerk.com/> or upon request to the City Secretary. The final amounts and the scope of any propositions to be presented to the voters is within the discretion of City Council.

**Ordinance No. 25-036 was read by caption. Council Member Rawlins made a motion calling a bond election to be held within the City of Galveston, Texas to fund Fire**

**Facilities. The election will be held on November 4, 2025. Council Member Finklea seconded the motion. Unanimously approved.**

6.B Consider a motion to define further steps to be taken to name a replacement for the current City Attorney upon his departure.

**Mayor Brown made a motion to interview Donna Fairweather and Trevor Fanning at City Council's August 28th meeting and to have an action item at that same meeting for the appointment of an Interim City Attorney. Council Member Porretto seconded the motion. Unanimously approved.**

## **7 RECEIVE AND FILE**

7.A Tax Year 2025 Certified Roll and 2025 Galveston Certified TNT Calculations

## **8 ADJOURNMENT**

**The meeting was adjourned at 4:13 p.m.**



Janelle Williams, City Secretary  
Date Approved: October 23, 2025