MINUTES OF THE CITY COUNCIL
OF THE CITY OF GALVESTON
WORKSHOP - MARCH 26, 2026

3/26/2026 - City Council Minutes

1 DECLARATION OF A QUORUM AND CALL MEETING TO ORDER

Mayor Brown declared a quorum and called the workshop to order at 9:00 a.m.

2 ROLL CALL

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

Absent: Council Member David Finklea.

3 CONFLICTS OF INTEREST

Council Member Porretto declared a conflict on Workshop Item 5.A.1.

4 DISCUSSION ITEMS

4.A Update and Discussion of the Port of Galveston's Master Plan and Proposed Mobility Study (R Rees/ J Patterson - 1 hour)

Port representatives, including Executive Director Roger Reese and Board Member Jeff Patterson, presented an update on the Port's 20-year Master Plan, outlining approximately $2.4 billion in potential projects across cruise, cargo, and commercial operations, all subject to future approval. The Port highlighted continued growth in cruise activity, high occupancy rates, and increasing national prominence, with projections of up to 5 million passengers annually by 2045. Increased cruise activity has contributed to local economic benefits, including tourism, hotel occupancy, and sales tax revenues.

Port Engineer Jeffrey Thomas presented ongoing and planned infrastructure and mobility initiatives, including:

- **A Safe Streets project along Harborside Drive and additional intersection improvements.**
- **Multiple regional mobility and access studies, including improved port access and downtown traffic flow.**
- **Progress on an internal port roadway network to improve traffic circulation and reduce congestion on Harborside Drive.**
- **A comprehensive mobility study currently under evaluation, with recommendations forthcoming.**

Discussion included long-term development concepts such as additional cruise berths (up

to seven ships), flexible-use berths for cargo and cruise operations, expanded parking strategies, and potential redevelopment opportunities in the East Port area, including mixed-use development, public spaces, and waterfront access.

The Port also noted ongoing infrastructure investments, including drainage improvements, and increasing financial contributions to the City.

Council and Port representatives discussed coordination of studies, traffic management strategies, and phased implementation of mobility and parking improvements.

4.B Clarification Of Consent And Regular City Council Agenda Items - This Is An Opportunity For City Council To Ask Questions Of Staff On Consent And Regular Agenda Items (1 Hour)

Items, 10A, 11C, 11D, 11H, 11I, 11M, 11Q, 11S, 11T, 11W, and 11JJ were clarified by Staff.

4.C Presentation by Weaver, the City's external auditor, and discussion of the FY 2025 Annual Comprehensive Financial Report (C. Ludanyi - 20 min)

Weaver representative John DeBoro, the City's external auditor, presented the FY 2025 audit and issued a clean (unmodified) opinion on the City's financial statements and compliance reports. No material weaknesses, significant deficiencies, fraud, or audit findings were identified.

The auditor credited City staff for strong cooperation during the transition from Banner to Workday, which added complexity this year. No audit adjustments were required, and all federal and state grant programs tested were also found to be in compliance.

Council and staff thanked Weaver and the Finance Department, noting a successful audit and strong financial reporting overall.

4.D Discussion of the City Auditor's Office Internal Service Fund draft audit (G. Bulgherini - 15 min)

Finance Director Csilla Ludanyi explained that Internal Service Funds (ISFs) are cost-reimbursement mechanisms used to allocate the full cost of centralized services—such as fleet, IT, and insurance—to user departments, reflecting the true cost of operations. Charges are budgeted annually and applied monthly, with year-end surpluses typically resulting from timing differences, vacancies, or underspending. Fund balances act as operating reserves to stabilize costs, manage risk, and smooth fluctuations; however, the lack of a formal council-approved policy has led to inconsistent reserve levels and reduced transparency. Staff also noted that Charter restrictions limit transferring enterprise fund balances to the general fund, so the City relies on rebates or rate adjustments. Council discussed the need for a formal policy to establish reserve targets, with the main issue being the appropriate reserve level.

City Auditor Glenn Bulgherini reported on a 10-year audit of the City's Internal Service Funds, focusing on cost allocation, recovery practices, and fund balance trends,

particularly in the Garage and Central Services Funds. The audit found that while ISFs are intended as cost-recovery tools, fund balances have grown significantly—averaging about $1 million in surplus and increasing approximately 391% over the period. Although these balances serve valid purposes, such as handling cost volatility and unexpected needs, their accumulation exceeded typical expectations. No mismanagement or improper reporting was identified; the concern is structural, highlighting the need for clearer policies and consistent reserve practices.

4.E Discussion of Fund Balance Policy (C. Ludanyi - 20 min)

Council and staff discussed the need for a formal City Council–approved policy governing Internal Service Fund (ISF) reserves, identifying its absence as the central issue from the audit. While best practices suggest reserve targets ranging from about 30 to 90 days of operating expenses, the City's current reserve levels vary widely without a consistent framework, leading to transparency and perception concerns.

Discussion focused on establishing clear guidelines, including minimum, target, and maximum reserve levels; selecting consistent benchmarks (days or percentages); accounting for varying risk levels across funds; and defining how excess balances should be managed. There was broad agreement on the need for a formal policy to improve consistency and financial stability, though opinions differed on appropriate reserve levels. Some participants recommended additional analysis to better align targets with the City's risk profile, while others suggested deferring the issue for future Council consideration due to its complexity.

4.F Update and Discussion of the Management of Drainage at Stewart Beach Park (B. Maxwell/M. Miles - 20 min)

Deferred to the Joint Meeting of City Council and Park Board on April 9th.

4.G Update and Discussion of the Pelican Island Bridge (C. Brown/M. Robb/ D. Buckley -20 min)

Council discussed the Pelican Island Bridge project and the emerging possibility of a land bridge alternative. The City is continuing to pursue funding and right-of-way for the current TXDOT bridge design, which is already well into development, while a separate Corps of Engineers feasibility study is being initiated for a land bridge concept supported by some regional stakeholders and federal representatives. Significant uncertainty remains about timelines, funding sources, and whether both paths can or should proceed in parallel. Council emphasized the need for continued funding efforts on the existing project but requested clearer coordination, communication, and periodic updates as the land bridge feasibility process develops.

4.H Discussion of the City of Galveston's Economic Development Incentive Plan (M. Hay - 20 min)

Pulled by Staff.

4.I Discussion of the Galveston Housing Finance Corporation and Galveston

Property Finance Authority Ordinance for the Purchase and Development of Property (B. Brown/C. Brown -20 min)

Council Member Brown presented Council with a proposed ordinance from the Galveston Housing Finance Corporation and Property Finance Authority to allow quicker, targeted acquisition of properties to support workforce and affordable housing development without needing prior Council approval for each purchase.

The proposal includes guardrails such as a $25 per square foot limit, required due diligence, title verification, and oversight through a Council-appointed representative and designated board members authorized to act within set limits.

The goal is to act quickly on limited real estate opportunities (e.g., tax sales or distressed properties) to secure land for redevelopment, primarily in partnership with nonprofit or low-profit developers. The focus is on helping local residents achieve homeownership.

Council discussion emphasized safeguards, affordability challenges (including insurance), and clarified the program will not include rehabbing condemned homes, only acquisition and redevelopment.

4.J Discussion regarding Swagit's services for broadcasting City Council, Planning Commission, and other key municipal meetings (Robb/C. Brown - 10 min)

Council discussed concerns about Swagit's broadcast services for City meetings, including issues with video quality, lack of camera switching, missing on-screen identifiers, and overall system performance following the 2025 contract renewal. Staff explained that some problems are tied to aging equipment and changes following Swagit's acquisition of Granicus, and noted a forthcoming meeting with the vendor to address upgrades and performance issues. Long-term plans were also mentioned to modernize meeting technology, including potentially relocating Council chambers and building a dedicated first-floor broadcast studio.

4.K Discussion regarding immediate actions the City can take to address unpermitted or unscheduled events, including Senior Skip Day (Robb/C. Brown - 10 min)

Staff and Council discussed how to better manage unpermitted beach gatherings like Senior Skip Day, focusing on safety, traffic control, and neighborhood impacts. Ideas included using targeted ordinances, possible permitting for large groups, and directing activity to managed areas such as East Beach to reduce residential disruption. Police and staff emphasized balancing enforcement with officer safety, and Council requested continued coordination and updates ahead of April 20th.

4.L Discussion of the automated water meter reading system, including its capabilities and why the city is not using the system as designed (Robb/Rawlins/Porretto - 15 min)

Council discussed whether the City's automated water meter system is being fully used, specifically its potential ability to notify residents of water main breaks. A Council member raised concerns that the system may support geo-targeted alerts through the Island Water

app but that this feature is not currently being used, while staff clarified they were only aware of leak notifications tied to individual customer sign-ups. Staff noted about half of residents are enrolled in the notification system, and agreed to follow up with the vendor to confirm what public alerting capabilities exist and whether broader outage notifications can be enabled.

4.M Discussion of Restoring Texas Heroes Monuments and Other Monuments in Galveston (C. Brown/Porretto/Rawlins/Robb/B.Brown 15 min)

Council discussed restoring and maintaining the Texas Heroes Monument and other public monuments, focusing on taking a more formal city-led role in their upkeep. Members agreed to pursue an RFP to hire a restoration expert to assess all monuments, document their condition, and develop a prioritized maintenance and restoration plan. They also discussed unresolved ownership questions, funding eligibility through historic preservation funds, and the possibility of creating a broader inventory and stewardship plan for all city monuments, while emphasizing the need to move forward without delaying action.

4.N Discussion on City Council's direction of potential Pier 19 Development (Porretto/Rawlins - 15 min)

Staff provided an update on early-stage concepts to improve connectivity and pedestrian access between waterfront areas, including Pier 21 and the USS Texas vicinity. The concept includes potential boardwalk or public access improvements; however, no formal plans have been approved.

Stakeholders from Pier 19 expressed concerns regarding potential impacts to parking, safety, and ongoing business operations. Port and City representatives emphasized that:

The project is in the conceptual and stakeholder engagement phase only.
No decisions have been made, and no action will be taken without stakeholder support.
If a mutually acceptable solution cannot be reached, the project will not move forward.

A kickoff meeting with stakeholders and consultants is scheduled to further evaluate options and gather input.

Council acknowledged the historical significance of Pier 19 and the importance of balancing preservation, economic activity, safety, and public access.

5 EXECUTIVE SESSION

5.A Section 551. 071 - Consultation with Attorney Pursuant to Texas Gov’t Code 551.071- Consultation with attorney, an executive session will be conducted to discuss and receive legal advice concerning pending litigation and/or a settlement offer, or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional

Conduct of the State Bar of Texas clearly conflicts with this chapter, related to the following:

1. 21-CV-00359 Sonya Porretto v. City of Galveston Et. Al, in the United States District Court for the Southern District of Texas 21-CV-00359. (Rawlins/Robb)

City Council convened into Executive Session at 1:24 p.m. and reconvened into Open Session at 1:47 p.m. Council Member Porretto declared a conflict and did not attend Executive Session; and no action was taken during Executive Session.

6 ADJOURNMENT

The workshop was adjourned at 2:26 p.m.

Janelle Williams

Janelle Williams, City Secretary
Date Approved: April 23, 2026