

**NOTICE OF MEETING
CITY COUNCIL
OF THE CITY OF GALVESTON
THURSDAY, MAY 28, 2026 - 9:00 AM
ROOM 204 - CITY HALL
823 ROSENBERG, GALVESTON, TEXAS
TELEPHONE: (409) 797-3510**

During the meeting, Council reserves the option to take short comfort breaks and/or a lunch break as their schedule and workload demands.

WORKSHOP AGENDA

- 1 DECLARATION OF A QUORUM AND CALL MEETING TO ORDER
- 2 ROLL CALL
- 3 CONFLICTS OF INTEREST
- 4 DISCUSSION ITEMS
 - 4.A 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)
 - 4.B Discussion of the Selection and Funding of a Consultant for the City/Port Mobility Study (C Brown - 20 min)
 - 4.C Discussion of the nomination packet and prioritized list of the Census Tracts located in the City of Galveston that are eligible for designation in the federal Opportunity Zone 2.0 Program (M. Hay - 15 min)
 - 4.D Discussion of Seawall Parking mail in ticket program (Porretto/Listowski - 10 min)
 - 4.E Discussion regarding City boards, commissions, and committees, including ex officio appointments, procedures for board member appointments and reappointments, and scheduling interviews for the Park Board, Wharves Board, and Planning Commission (J. Williams - 15 min)
 - 4.F Discussion of Section 37-201 of the City Code related to the suspension or revocation of a wrecker towing permit (Lewis/Listowski - 10 min)
- 5 EXECUTIVE SESSION
 - 5.A 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. Property located in the City of Galveston
 - 5.B Pursuant to Section 551.072 - Deliberation regarding real property, an executive session

will be conducted to deliberate the purchase, exchange, lease, or value of real properties located in the City of Galveston.

6 ADJOURNMENT

I certify that the above Notice of Meeting was posted in a place convenient to the public in compliance with Chapter 551 of the Texas Government Code on 05/22/2026 at 11: AM.

Janelle Williams

Janelle Williams, City Secretary

In accordance with the provisions of Americans With Disabilities Act (ADA), persons in need of a special accommodation to participate in this proceeding shall, within three (3) days prior to any proceeding, contact the City Secretary's Office, Suite 201, 823 Rosenberg, Galveston, Texas 77550 (409-797-3510).

One or more members of the City Council may attend the meeting by videoconference. A quorum of the members of the City Council will be physically present at the meeting location.



City of Galveston

DEVELOPMENT SERVICES STAFF REPORT

Date May 28, 2026

To: Brian Maxwell, City Manager
Honorable Mayor and City Council Members

From: Michele Hay, Economic Development Coordinator
Development Services

Project location: Various Site locations
throughout Galveston

Project: Opportunity Zone 2.0 Census Tract
Nominations for Galveston

Request: Discuss and Consider a Resolution in support of the nomination packet and prioritized list of the Census Tracts located in the City of Galveston that are eligible for designation in the federal Opportunity Zone 2.0 Program

Prior Council Action

Staff discussed the new program during the City Council workshop on February 26, 2026, but the census tracts were not confirmed at that time. City Council instructed staff to bring this item back to Council with the official list of eligible census tracts.

Background

The Opportunity Zone (OZ) program is the largest federal economic development tool. The One Big Beautiful Bill Act (OBBBA) signed on July 4, 2025 established the new Opportunity Zone 2.0 as a permanent program under the tax code with rolling 10-year designation cycles. Opportunity Zone 2.0 designations will be effective for 10 years beginning January 1, 2027.

Opportunity Zones are a federal capital gains tax incentive designed to mobilize long-term private investment in low-income communities. The OZ incentive operates through Qualified Opportunity Funds (QOFs), which pool investor capital and deploy it into eligible investments (i.e., qualifying activities) within designated census tracts. The program provides a series of capital gains tax incentives for qualifying activities in these designated areas. These incentives can include:

- **Deferral:** Investors may defer taxes on capital gains that are reinvested in a QOF for up to five years.





City of Galveston

DEVELOPMENT SERVICES STAFF REPORT

- Basis step-up: After the five-year deferral, QOF investors receive a 10 percent reduction (step-up in basis) on their deferred capital gains tax liability (or 30 percent for investments in rural-specific QOFs).
- Tax-free growth: Gains earned on investments in QOFs held for at least 10 years are permanently exempt from federal capital gains tax.

State governors will nominate 25% of their respective state's eligible census tracts every 10 years as Opportunity Zone tracts. The U.S. Department of Treasury will begin the Opportunity Zone 2.0 designation on July 1, 2026, and end submissions on September 29, 2026. The Treasury Secretary will then certify each state's nominations and the certified Opportunity Zone designations will take effect on January 1, 2027 and remain in effect until December 31, 2036.

To be considered eligible for OZ designation, census tracts must meet the federal criteria:

- Either a poverty rate of 20 percent or higher
- Or a median family income (MFI) less than 70 percent of the metropolitan area's MFI

The Texas Economic Development & Tourism Office (EDT) within the Office of the Governor is leading our state's efforts. To provide a transparent, data-driven selection process for Opportunity Zone 2.0, EDT is asking Economic Development Organizations (EDOs) and County Judges to submit eligible tracts in their communities for consideration based on the following criteria:

1. **Statutory compliance**: Communities should only nominate tracts that clearly meet federal eligibility.
2. **Local Support**: Strong consideration will be given for those tracts which the local community will support through incentives offered, rebates, and agreements.
3. **Project Viability**: Communities should prioritize sites where private capital can realistically deploy in 24–48 months and where investments drive inclusive growth in the community (E.g. affordable housing commitments, anti-displacement tools, workforce initiatives, etc.).
4. **Geographic balance**: EDT will ensure representation across regions of Texas; leverage rural incentives without selecting unworkable tracts and provide an additional incentive for tracts which have been affected by a declared disaster over the last three (3) years .

Staff have communicated with Bay Area Houston Economic Partnership (BAHEP), whom the County Commissioners Court has designated to submit the census tracts for the unincorporated





City of Galveston

DEVELOPMENT SERVICES STAFF REPORT

areas in Galveston County. The City of Galveston has the option to submit the city's nominations to BAHEP to be included with the County's submission by June 19, 2026, or the city may submit directly to the state before June 26, 2026.

Per the parameters set by the Treasury, Galveston County is eligible to submit all qualifying census tracts to the Governor's office. Counties with less than 50 eligible census tracts may submit 100 % of their tracts. Galveston County has 26 eligible census tracts; 11 of those tracts are in the City of Galveston.

Staff reviewed the 11 eligible census tracts in the City of Galveston based on the distress criteria for the designation and prioritized the list based on whether there were current or future developments planned in these census tracts, or if the tracts contained large undeveloped parcels, poorly maintained buildings, or underutilized properties.

Designating a tract as an Opportunity Zone has the potential to serve as a catalyst for:

- **Job Creation** - Stimulating new commercial and industrial development that will create sustainable, local employment opportunities.
- **Attainable/Workforce Housing & Infrastructure** - Unlocking private investment to support mixed-use developments, small business expansion and infrastructure upgrades.
- **Community Revitalization** - Transforming blighted areas, eyesore buildings and underutilized properties into thriving, vibrant spaces.

Fiscal Impact Report

There is no cost to the city to participate in this program, however, Opportunity Zone designations have the potential to drive more private sector investment to areas of the island that have not benefited from significant past investment.

Alternatives

Option 1 - Approve the Resolution and direct staff to submit all 11 eligible census tracts, as prioritized for Opportunity Zone 2.0 designation. This would help incentive private investment in many areas that are ripe for economic revitalization, and this designation would be in effect for the next ten (10) years.

There are major projects, such as the Davie Defense Shipbuilding plant on Pelican Island that has expressed great interest in applying for a Qualified Opportunity Zone Fund to help offset the significant capital investments they plan to make at their site. The soon-to-be vacated ANICO building is also located in one of the eligible census tracts which would be very attractive to future investors in the redevelopment of this property.





City of Galveston

DEVELOPMENT SERVICES STAFF REPORT

Option 2 – Do not support the effort or send our nomination packet to the Governor’s office. Since Galveston has a large number of eligible tracts, if we do not prioritize them, it will be left up to the Governor’s office to decide which census tracts to select. They might not be aware of which tracts have a higher degree of development potential and/or vacant, eyesore buildings. Furthermore, if the City of Galveston declines to support the Opportunity Zone designation in the City of Galveston, this will send a negative signal to future investors that the city is not interested in supporting their investments.

Staff Recommendation

Staff recommends Option 1 – Approve the Resolution and direct staff to submit all 11 eligible census tracts as prioritized for Opportunity Zone 2.0 designation. These areas are ripe for economic revitalization and align with the goals of the Opportunity Zone program.

Attachments

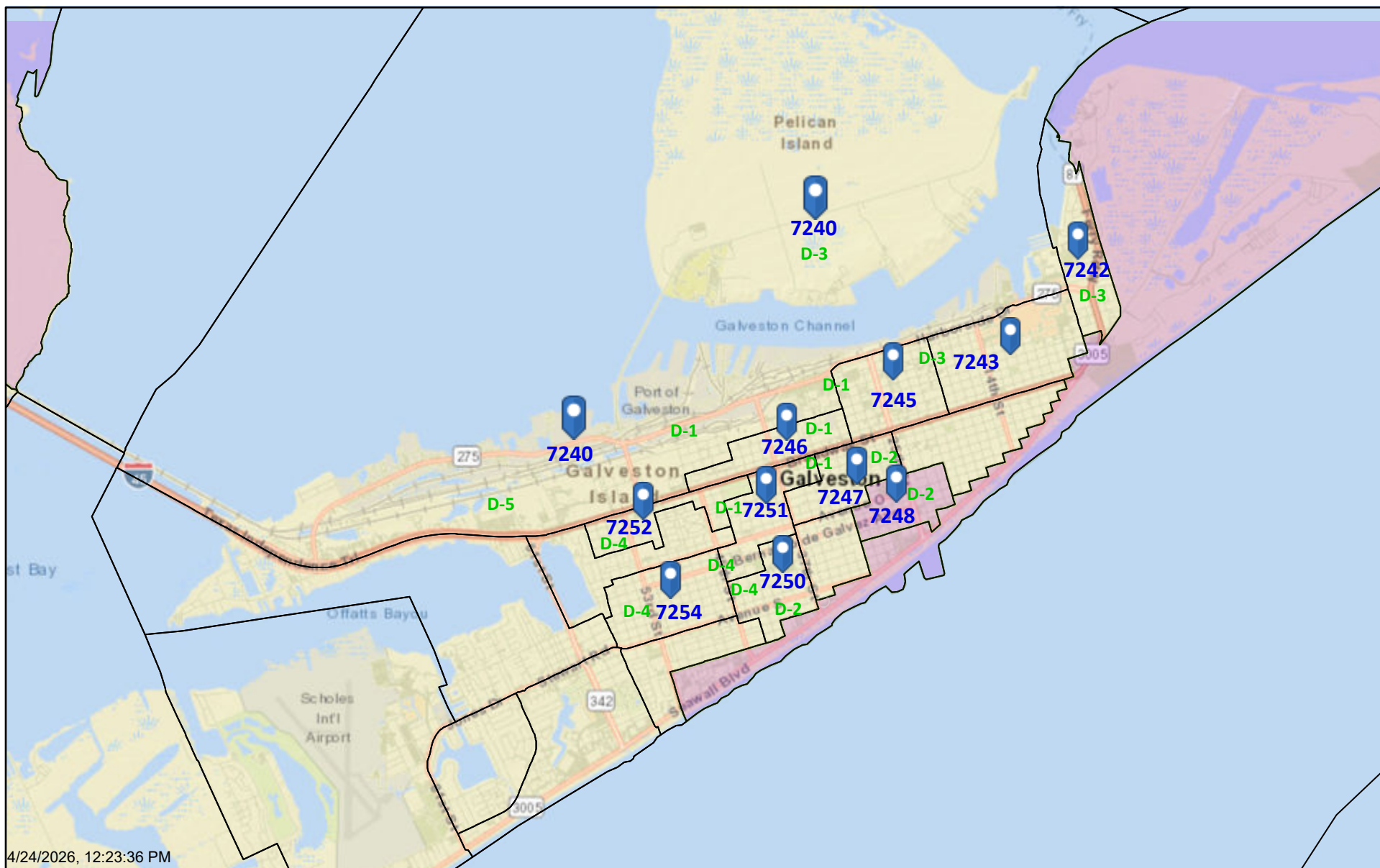
MAP-Opportunity Zone 2.0 eligible census tracts
LIST – Census Tracts eligible for designation
RESOLUTION – Opp Zone 2.0 – Galveston



OPPORTUNITY ZONE 2.0
CENSUS TRACT NOMINATIONS AND RANKING

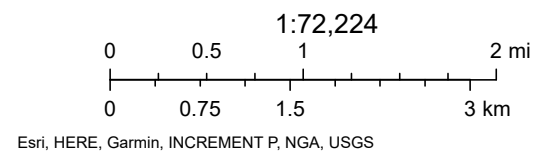
		Census Tract Information	Statutory Compliance Requirement				
RANK	Requestor Name	Census Tract (11-digit)	Poverty Rate %	Median Family Income (MFI) %	Council District	Notes & Geographical Reference	Major Current/Future Development Projects within the Census Tract
1	City of Galveston	48167 7240 00	36.0%	77.1%	1, 3, 5	West of 29th St to the Causeway; North side of Broadway to Harborside, including waterfront; Includes Pelican Island & large commercial tracts West of 54th St	Davie Defense Shipbuilding; 1,100 acres undeveloped industrial property on Pelican Island; Redevelopment of County property (13 acres); Recycling Center tract (8-10 acres); former Falstaff brewery
2	City of Galveston	48167 7245 00	24.0%	67.4%	1, 3	West of 19th St to 29th St, South of Harborside Dr to Broadway;	Redevelopment of large vacant buildings such as old American Indemnity, Medical Arts Bldg, former Sears Bldg and soon-to-be vacant ANICO building
3	City of Galveston	48167 7246 00	59.0%	26.2%	1	West of 29th to 46th St, North of Broadway to Church St;	Central Middle School Campus (scheduled for surplus property within next 2-4 yrs) ;
4	City of Galveston	48167 7243 00	27.0%	71.3%	3	West of 4th St to 19th St, South of Harborside Dr to Broadway (excluding Emerald complex)	UTMB Campus ; vacant tracts near Harborside Dr
5	City of Galveston	48167 7252 00	32.0%	49.0%	1, 4	West of 40th St to 57th St, South of Broadway to Ave M 1/2, excluding Cedar Lawn ;	Galv County tract off 45th St and Park at Cedar Lawn Apts
6	City of Galveston	48167 7247 00	21.0%	64.7%	1	West of 25th St to 37th St, South of Broadway to Avenue O;	includes Old Central School, warehouses along 31st St and old LA Morgan site
7	City of Galveston	48167 7242 00	31.7%	97.5%	3	East of 4th St and Along Ferry Rd, Ferry Landing to Seawall;	includes multi-family east of Ferry Rd and hotel at Seawall and 1st St
8	City of Galveston	48167 7251 00	21%	64.7%	1, 4	also west of 41st to 45th and Ave O to Ave Q (Ball High School area)	includes former VA clinic, ANICO warehouse, St Patrick's Church buildings and St. John's
9	City of Galveston	48167 7248 00	30.0%	69.7%	2	<i>Is included in current Opp Zone;</i> West of 21st to 31st St; South of Ursline St to Avenue Q	includes the hotel property at 23rd Seawall
10	City of Galveston	48167 7250 00	29.0%	59.5%	2, 4	West of 37th to 45th St; South of Ave O 1/2 to Ave T; not including Denver Court;	includes area around Galveston College, GISD Admin Bldg
11	City of Galveston	48167 7254 00	27.0%	65.8%	4	West of 45th to 57th St; South of Avenue O to Avenue S;	includes William B Travis Apts

Opportunity Zones 2.0 - Eligible Census Tracts



LEGEND

-  Texas - Current Opportunity Zones
-  Eligible Census Tracts- Opp Zones 2.0
- D-X** City Council District



RESOLUTION NO. 26-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, EXPRESSING ITS SUPPORT FOR THE DESIGNATION OF ALL ELIGIBLE CENSUS TRACTS IN THE CITY OF GALVESTON FOR SUBMISSION INTO THE OPPORTUNITY ZONE 2.0 PROGRAM; AUTHORIZING THE CITY MANAGER TO EXECUTE AND SUBMIT REQUISITE DOCUMENTS FOR PARTICIPATION IN THE PROGRAM; PROVIDING FOR FINDINGS OF FACT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Opportunity Zone Program is the largest federal economic development tool. The One Big Beautiful Bill Act (OBBBA) signed on July 4, 2025, established the new Opportunity Zone 2.0 as a permanent program under the tax code with rolling 10-year designation cycles; and

WHEREAS, as more detailed in the Staff report and accompanying Exhibit A, the City of Galveston has 11 census tracts eligible for nomination into the Opportunity Zone 2.0 Program, as identified by the U.S. Treasury Department and based on the 2020-2024 American Community Survey's ("ACS") five-year estimates; and

WHEREAS, Opportunity Zones encourage investment by providing a series of capital gains tax incentives for qualifying activities in designated areas; and

WHEREAS, the State of Texas is asking Economic Development Organizations ("EDO"s) and County Judges to submit eligible tracts for consideration based on selected criteria; and

WHEREAS, Galveston County Commissioners have designated Bay Area Houston Economic Partnership ("BAHEP"), to submit the nomination packet on behalf of Galveston County; and

WHEREAS, the City wishes to express the City's support of all the census tracts located in the City of Galveston and prioritize those tracts with the highest potential for economic benefit given the designated criteria; and

WHEREAS, the City Council deems it in the public's interest to submit the eligible tracts as identified in Exhibit A, to ("BAHEP") and to authorize the City Manager to execute those requisite documents necessary for the program; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS:

SECTION 1. The findings and recitations set out in the preamble of this Resolution are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City of Galveston hereby expresses its support for the submission of the list of all eligible tracts, and places them in the order in which they will have the most economic impact, together with such amendments as may be made in the future.

SECTION 3. The Opportunity Zone 2.0 Census Tract Nominations and Ranking (Exhibit A) for the Opportunity Zone 2.0 Program is hereby approved and adopted.

SECTION 4. The City Council of the City of Galveston hereby authorizes the City Manager, to execute and submit those documents necessary for participation in the Program.

SECTION 5. This Resolution shall be and become effective from and after its adoption.

APPROVED AS TO FORM:

TREVOR FANNING
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City of Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its Regular meeting held on the 28th day of May, 2026, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this ____ day of _____, 2026.

Secretary for the City Council
Of the City of Galveston