

**NOTICE OF MEETING
CITY COUNCIL
OF THE CITY OF GALVESTON
THURSDAY, JULY 23, 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 Draft City of Galveston 2027 State Legislative Agenda (S. Bakko - 30 min)
 - 4.C Presentation and Discussion of the City of Galveston's FY 2027 Budget and Capital Improvement Plan (C. Ludanyi - 40 min)
 - 4.D Discuss and receive an update on the City's Annual Pavement Evaluation Report and the proposed Streets FY 27 Capital Improvement Funding Plan (B. Cook - 30 min)
 - 4.E Discussion and update with regard to potential changes in the city's pension plans. (D. Buckley)
 - 4.F Update and discussion of the South Shore Drainage Project (Porretto/Listowski - 30 min)
- 5 EXECUTIVE SESSION
 - 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:
 - 5.B City Auditor's Office audit of collected funds for Hotel Occupancy Tax Audits.
- 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 MM/DD/YYYY at XX:XX AM/PM

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.



90th Texas Legislature

City of Galveston 2027 State Legislative Agenda

City of Galveston Council

John Paul Listowski, Mayor

Sharon B. Lewis, District 1

Jeffrey Taylor, District 2

Bob Brown, District 3

Alex Porretto, District 4

Michael Niebuhr, District 5

Jason Hardcastle, District 6

City Manager

Brian Maxwell

Deputy City Manager

Daniel Buckley

Interim City Attorney

Donna Fairweather

City of Galveston

Vision for the Community

Galveston is a safe, friendly, vibrant, diverse, and innovative community that delivers on a high standard for quality of life.

Mission Statement

Provide the Best Possible Community in Which to Live, Work, Play, and Stay

Core Values for Achieving Strategic Goals

- ❖ Promote the health, safety, and general well-being of the community
- ❖ Deliver excellence in City services and emergency preparedness,
- ❖ Provide fiscal responsibility and transparency with a long-term vision,
- ❖ Encourage citizen engagement,
- ❖ Collaborate and cooperate with City stakeholders, and

Partnership with component units and other government entities, Park Board of Trustees, Port of Galveston, Galveston County, State of Texas, Galveston Community College, University of Texas Medical Branch, Texas A&M University at Galveston, and other community nonprofits organizations.

LEGISLATIVE POLICY PRIORITIES FOR THE CITY OF GALVESTON

SUSTAINING A RESILIENT COMMUNITY

Safeguarding Efficient Use of Local Property Tax Revenues. The City of Galveston faces significant challenges to fund critical infrastructure improvements and essential services for the safety and general welfare of 53,000 residents. Galveston is not a fast-growing community like other mainland cities in Texas. Instead, Galveston is an historic community located on a barrier island with limited developable land and vulnerable to major storms. City core services and infrastructure are severely impacted and thinly stretched with nearly 9 million tourists visiting the Island, frequently up to 300,000 tourists each weekend during the high travel seasons. Property tax revenue contributes 49 percent to the General Fund, but public safety and public works (including street and traffic maintenance) make up nearly 70 percent of General Fund expenditures. Major hurricane or tropical storm events significantly intensify these challenges when funding basic services and recovery efforts. The City offers the following proposals to advance property tax relief while sustaining resources for critical core public safety services:

- *Advancing Property Tax Relief*

1. *Supplemental Sales Tax to support Property Tax Relief*

With each natural disaster that impacts Texas communities, we are reminded of the critical importance of preparedness, mitigation, and public safety incident command to facilitate as rapid a recovery as possible for residents and businesses. Authorize a municipality or county to impose a supplemental local sales and use tax, a rate not to exceed 1 percent, if the tax is approved by the voters.

- 50 percent is additional sales and use tax revenue for purposes of calculating property tax relief under Section 26.041, TX Tax Code;
- Remainder may be used for infrastructure development, disaster recovery or public safety capital equipment needs; or

2. *No-New Revenue Rate “Public Safety Adjustment”*

Public safety costs consume roughly 62 percent of the General Fund. Police and fire salaries and benefits increase significantly resulting from collective bargaining agreements, emergency medical services costs recently increased 20 percent, and inflationary impacts continue to effect public safety capital expenses.

- 2.5 percent Voter-Approval Rate
- Include a 5 percent “Public Safety Adjustment” in the No-New Revenue Rate

- *Natural disaster emergency financing meets “debt” definition.*

Federal disaster recovery cash amounts following a federal and state declaration of disaster that may be advanced are uncertain and funding percentages for Federal Emergency Management Agency reimbursement is not determined until after the storm. Prior to hurricane season, the City of Galveston relies upon a bank “bridge” loan using the provisions of Chapter 1431 of the Government Code, pledging all federal grant funds received for debris removal for the loan payment. The City of Galveston urges the Legislature to continue recognizing non-voter approved

debt incurred in anticipation of FEMA funds to finance debris removal and storm recovery as meeting the “debt” definition as provided under Section 26.012(7), Tax Code. essential for the City of Galveston when addressing the aftermath of a storm event.

Expenditure Caps

Local expenditure cap limitation proposals raise concerns for the City of Galveston’s ability to sustain operational and infrastructure aspects that serve a coastal community and support our local tourism industry. Galveston has many unique local concerns – a coastal island community challenged by a salt air environment and inclement weather elements that can have punishing impacts on structures; a small city that hosts significant tourism that impacts local infrastructure and limited resources

- The City of Galveston is an island community with a population of just over 53,000, with a population growth historically of roughly 1 percent annually.
- City services are impacted significantly when Galveston hosts nearly 9 million tourists a year creating a ratio of 167 tourists for every one (1) full-time City resident.
- Public safety, street and traffic maintenance costs have increased to nearly 70 percent of the General Fund, expenses driven mainly by the large tourist population and the ancillary business activities directed at tourists.

The City of Galveston opposes expenditure caps that place unique burdens on a small coastal island community and threatens core services essential for protecting resident and significant tourism populations.

Protect Essential Governmental Functions

Cities are immune from being sued when performing governmental functions, unless that immunity is expressly waived by the Texas Legislature. In recent years, the Texas Supreme Court has created a judicial, non-legislative governmental immunity waiver by ruling the governmental-proprietary distinction found in the Texas Tort Claims Act applies to contractual claims against a city. A city has limited liability for performing a “governmental function,” but has no immunity while performing a “proprietary function.” Governmental functions involve police and fire service, utility service, and zoning. Proprietary functions are those actions typically performed by a private entity. The City of Galveston supports legislation to clarify that local government actions exercised when administering contracts for federal and state disaster recovery funds that pass-through to qualified homeowners are governmental functions for purposes of ensuring local government immunity protection.

Hotel Occupancy Tax (HOT). Tourism is the lifeblood for the City of Galveston economy, significantly impacting business sales, employment, and tax revenue. The City of Galveston is committed to promoting tourism, convention events, and the hospitality industry by enhancing Galveston Island’s destination image as a fun family-oriented location enjoyed in a safe environment. Under current law, an elected governing body’s critical administrative and oversight role ensures those HOT funds are properly utilized and for compliant use of HOT revenues. Elected council members are in turn accountable to the voters. The City of Galveston requests the Texas Legislature to protect local elected authority and governance of revenues derived from a local

hotel occupancy tax imposed by a municipality as authorized under TX Tax Code §156.2511 and Chapter 351, TX Tax Code, and ensure revenues are used for purposes defined in state law.

Examine Texas Windstorm Insurance Association (TWIA) Structure and Role. Coastal communities rely heavily upon affordable windstorm insurance that provides realistic replacement cost coverage. To the extent excessively high premiums lead to underinsurance, all of Texas is more vulnerable to the harmful economic effects of tropical storms and hurricanes. The City of Galveston supports legislation that will ensure affordable TWIA rates as well as incentivize Texas private insurers to write policies equitably across the state, including windstorm policies in coastal communities. TWIA could assume a limited reinsurance provider role that incentivizes the private insurance market and enhances competition. As a reinsurer, TWIA could sell low-cost attachments to private market insurance companies to reduce risk, increase private market involvement, and stimulate affordable premiums. The City of Galveston urges the 90th Texas Legislature to continue advancing improvements to the TWIA funding structure and role.

Pelican Island Bridge – Critical Infrastructure for Reaching Economic Development Goals. The Pelican Island Bridge is an essential infrastructure that serves transportation needs for Texas A&M University, current maritime support services, and opens future economic development opportunities for the region and the state. Currently, Pelican Island Bridge provides critical transport for icebreaker shipbuilding activity needs that not only contributes towards the President Trump’s US maritime dominance goal but also provides economic growth for the state of Texas through an enhanced shipbuilding industry. Pelican Island holds the largest single piece (1,100 acres) of developable industrial-zoned land on Galveston Bay. Port Houston owns over 1,000 acres of undeveloped land. Port of Galveston has about 550 acres on Pelican Island that includes 285 acres undeveloped of which 100 acres with frontage on Galveston’s deep-water harbor. With access to the Houston Ship Channel, the Galveston Channel, and the Intracoastal Waterway, Pelican Island presents a maritime location just 30 minutes from the open sea (3 hours closer than Port Houston) that offers significant economic development opportunities. To capitalize on this asset, the City of Galveston supports legislation that removes impediments to economic development on Pelican Island that will produce revenues for the region and state.

Coastal Storm Surge Protection System. Congress authorized the U.S. Army Corps of Engineers (USACE) Galveston Bay Storm Surge Barrier System project (“Coastal Texas Project”) in the Water Resources Development Act of 2022. The Coastal Texas Project comprises a vital coastal barrier flood gate and levee system as well as expanded beach and dune systems with the primary objective to protect human life and the economic vitality along the upper Texas coast. Major hurricane storm surge severely impacts Port Houston, Port of Galveston, the Houston Ship Channel and the petrochemical facilities that are integral to the manufacturing, retail, agriculture, tourism, business, and military supply chains across the United States. This project serves as a crucial safeguard against the increasing frequency of severe weather events and significantly reduces the risk of an ecological disaster. In 2021, the Texas Legislature created the Gulf Coast Protection District to act as the non-federal sponsor of the coastal storm risk management elements of the Coastal Texas Project. To date, the Texas Legislature has recognized the importance of protecting essential supply chains and appropriated \$220.2 million in anticipation of non-federal share

requirements for the project. Congress and the Trump Administration also acknowledge this project as a priority with project funding appropriations identified in the FY 2026 Energy-Water Development Appropriations bill and FY 2026 USACE Work Plan. Recently, the project line-item was included in the President's FY 2027 Budget Request and funding identified in the House version of the FY 2027 Energy-Water Development Appropriations. The Coastal Texas Project ranks as the number one flood mitigation project in the 2024 State Flood Plan prepared by the Texas Water Development Board. The City of Galveston urges the Legislature to continue the state's commitment to this critical project with funding to meet the non-federal share requirements.

Beach Nourishment and Dune Protection. Galveston Island's 32 miles of beaches provides critical life-saving protection against storm surge and continues to leverage vital economic value by attracting over 8 million visitors. Coastal erosion exacerbated by flooding prompts the loss of beaches, dunes, and wetlands triggering erosion and reduced property values while increasing the damaging impacts of storms to coastal communities. Meanwhile, Beach Maintenance Reimbursement Grant funds only marginally cover Galveston's costs. The City of Galveston, in cooperation with the Galveston Park Board of Trustees, supports continued funding to sustain quality Texas beaches. Through the Coastal Erosion Planning and Response Act (CEPRA) and Gulf of Mexico Energy Security Act (GOMESA) funds, the General Land Office (GLO) partners with Galveston to support beach nourishment efforts that address severe beach erosion. The City of Galveston urges Texas legislators to sustain funding for CEPRA and improve flexibility with GOMESA funds that balances protections for public beaches and private property owners, natural resources, coastal development, and public infrastructure.

Utility Franchise Fees. During the 2017 Regular Session, the 85th Legislature enacted SB 1004 capping city fees at \$250 cap for placement of cellular antennae and related equipment ("small cell nodes") in city rights-of-way. City franchise fee revenues were further reduced when the 86th Legislature enacted SB 1152 eliminating a portion of video franchise fees or telephone access line fees. In 2025, cities were further restricted by SB 924 which prohibits municipalities from charging a cable franchise fee on a video service provider. Texas cities are concerned that other local utility franchise fees could be threatened with similar state pre-emptive legislation. Utility franchise fees are the fifth largest category of revenues in the City of Galveston General Fund that offset additional reliance upon property taxes to fund City services. The City of Galveston urges the Legislature to recognize the importance of a diversified local revenue base to reduce burdens on property tax revenues. The City of Galveston opposes legislation that would further erode the city's ability to be adequately compensated for the use of its rights-of-way through local franchise fee authority.

PROMOTE SOLUTIONS TO ADDRESS UNIQUE LOCAL NEEDS

Home Rule Municipalities. The Texas Constitution (Article XI, Section 5) authorizes, following an election, cities over 5,000 population to adopt a home rule charter. Voters who cast their votes in support of these charters have done so with the belief they were empowering themselves to self-govern their own communities. Since adoption of the 1912 Texas "home rule" constitutional

amendment, the people of Texas have remained committed to the principle that citizens are best served when they retain control over local decision-making. The City of Galveston staunchly supports this principle of local self-governance and opposes legislation that would undermine the will of local voters. For example, as a coastal community island with geographic limitations for development and growth, the City of Galveston strongly advocates that legislation to expand gaming options in Texas must include an option that allows local voters a voice on gaming for their community.

Short-term Rentals. Galveston Island is a unique tourist destination that greatly benefits from a bustling tourism industry by hosting nearly 9 million visitors. Galveston is supportive of a short-term rental market that appeals to the highly valued overnight tourist balanced with equitably meeting the needs of residents. As a coastal island with limited developable land, Galveston's long-term housing supply and affordability is severely impacted without local governance ensuring a delicate balance with short-term rental growth. Housing affordability for workers on the Island grows further out of reach when considering increasing housing price pressures from a growing short-term rental inventory that reduces long-term housing availability coupled with high windstorm and flood insurance costs. On-going discussions with residents, short-term rental professionals, realtors, local elected officials and many others produced the City of Galveston short-term rental ordinances that reflect a delicate balance between ensuring an open welcome for short-term rentals while demonstrating respect and consideration for our residential neighborhoods. The City of Galveston urges the Texas Legislature to protect the ability of property owners and their elected city representatives to craft local policies that are responsive to the distinctive markets and neighborhoods of their communities.

Local Land Use Authority. As a coastal island community, the City of Galveston faces unique challenges that include ensuring beach access and dune protection while mitigating windstorm and flood hazards. The City of Galveston opposes preemptive legislation that limits or radically weakens the local authority to sustain the endearing historical image and unique needs of Galveston. As an historic coastal barrier island community with limited developable land and vulnerable to major storms, the City of Galveston has a more complex set of lot size, building, and permitting regulations.

Minimum lot size requirements

- Preemptive legislation requiring very small minimum lot size requirements, leaves Galveston vulnerable to developers who purchase lots, divide them, and add units to a growing short-term rental inventory that reduces long-term housing and diminishes housing affordability.

Building standards

- Building codes require higher wind load requirements due to the threat of windstorms, and flood-resistant building materials with enhanced corrosion protection.
- National Flood Insurance Program (NFIP) Community Rating System requirements reduce premiums for residents.
- Since the City's first historic district designations in the 1970s, regulations governing historic areas have been developed between community members and historic district stakeholders.

Permit Procedures

- City of Galveston requirements must comply with the beach access and dune protection plans approved by the Texas General Land Office (GLO). GLO Beach Construction Certificate permit reviews can take weeks.
- As a popular tourist destination, new commercial projects often involve hotels that require a higher level of review to ensure all health and safety requirements are met.

STRENGTHEN PARTNERSHIP ROLES AND RESPONSIBILITIES

Maintain the Public Transportation Advisory Committee Structure. The Texas Public Transportation Advisory Committee (PTAC), created by the Texas Legislature in 2003, advises the Texas Transportation Commission (TTC) on matters related to public transportation. PTAC advises the TCC on public transportation needs, allocation of funds, and rules involving public transportation. In 2009, the Texas Legislature ensured important legislative input into the public transportation advisory process with requiring three appointments each by the Governor, Lt Governor, and the Speaker of the House of Representatives. The nine-member PTAC appointments provide a cross-section of members that include three (3) public transportation providers, three (3) users of diverse forms of public transportation, and three (3) members of the general public. Prior to 2009, the TCC appointed PTAC members. The TCC appointing PTAC members to advise itself presented a structurally problematic arrangement, since the purpose of an advisory board is to offer perspectives that otherwise would be unavailable. The City of Galveston strongly supports the current PTAC structure, appointment process, and advisory role.

Revitalize the Port of Galveston. A Texas treasure, the Port of Galveston is the 4th busiest cruise port in North America and 11th in the world's top 20 cruise ports. As the oldest port in Texas, the Port faces significant capital infrastructure challenges. Many of the wharves and marine terminals require upgrades or replacement to remain competitive and meet the needs of customers. With no taxing authority, the Port utilizes an enterprise fund approach where the costs of providing goods and services are primarily recovered through user fees. The City of Galveston urges the Legislature to prioritize continued funding to the Texas Department of Transportation Port Authority Advisory Committee (PAAC) for allocation to Texas ports and the Ship Channel Improvement Revolving Fund to assist with infrastructure improvement needs.

Protecting Students and Schools – Physical, Mental Health and Structural Safety Needs. During the 90th Texas Legislature, the City of Galveston urges the Governor and legislators to renew their commitment to the safety of Texas students. When assessing school safety, elected officials must invest in the physical and mental health of students as well as structural school safety. Galveston's weather environment has a pervasive impact on older school structures such as mold that can endanger student health. The City of Galveston supports additional funding invested to fortify school safety to include addressing structural issues unique for school districts.

Improving Community College System Essential for Future Texas Economy. Community colleges like Galveston College are uniquely positioned to address the skilled workforce shortage impacting high-demand jobs in our community and across the state. For example, Galveston College is

preparing students for high-demand maritime and shipbuilding careers through targeted programs. Texas 2036 research indicates more than 70 percent of jobs in Texas will require a postsecondary credential and only 1 in 3 Texas high school students obtain such a credential within six years of graduation. According to the Texas Workforce Commission, due to technological advances in the workplace, employment demand has dramatically increased for individuals with middle skills, defined as workers with a postsecondary credential beyond high school but less than a bachelor's degree. The City of Galveston supports efforts by the Legislature to continue performance-based funding levels for community colleges as investment towards meeting these employment demands.

Oppose Unfunded State and Federal Mandates

State and Federal Mandate Funding. The City of Galveston opposes any new state and federal mandates not accompanied by reliable and sustainable funding.