

**DRAFT**  
**MINUTES OF THE CITY COUNCIL OF THE CITY OF GALVESTON**  
**WORKSHOP - JULY 23, 2020**

7/23/2020 - Minutes

1. DECLARATION OF A QUORUM AND CALL MEETING TO ORDER

**With a quorum present, the workshop was called to order at 9:00 a.m.**

2. ROLL CALL

**Present: Mayor Pro Tem Dr. Craig Brown, Council Member Amy Bly, Council Member David Collins, Council Member Jason Hardcastle, Council Member John Listowski, and Council Member Dr. Jackie Cole.**

3. DISCUSSION ITEMS

3.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. (30 Minutes)

**Items 5B, 7C, 8F, 8Q, 8V, 8W, 8Y, 8DD, and 9A were clarified by staff.**

3.B. Discussion Of The FY2021 Budget And Tax Rate (M. Loftin - 1 Hour)

**Assistant City Manager Mike Loftin presented the FY2021 Proposed Budget and FY2021-2025 Capital Improvement Plan. Major FY2021 budget items include: (1) the property tax rate is likely to drop one-half to one cent to stay under 3.5% revenue increase cap; (2) there is no change proposed for water and sewer rates; (3) Collective Bargaining pay increases for police (\$673K) and fire (\$516K); (4) COPS grant funding phaseout (\$316K); (5) Reduction of six positions overall (869 to 863); General Fund down 11.75 positions; (7) Contingency for civilian Cost of Living Adjustment and benefits (\$279K General Fund); and (8) Major operating funds are all budgeted to end FY 2021 with at least 90 days of maintenance and operating cost in fund balance. Major operating revenue assumptions include: (1) Recovery from national and local job loss will take two years; (2) Loss of \$600M in property value to protests; Proposed Budget includes estimated property tax amounts including rate of \$0.574707, one-half cent (\$.005178) less; (3) Sales tax: FY 2020 finish is worst in thirty years at \$15.5M; FY 2021 recovers at rate assumed by local economists and is \$16.3M (would have been \$18.1M); (4) Closing TIRZs provides \$1.3M, replaces over half of sales tax lost to downturn (\$1.8M); (5) Effect of COVID-19, estimated at \$7.5M in FY 2020 now estimated at \$3.4M loss; and (6) COVID-19 grants: \$7.5M. FY21-25 CIP assumptions include: (1) Capital Budget for FY 2021 includes \$69.55M in projects; Five year total is \$260M; (2) Water (\$85M), Drainage (\$69.5M), Sewer (\$58.2M) and Streets (\$32.8M) are largest programs; (3) Projects in May 2017 Bond election will be underway in FY 2022; (4) Water and sewer revenue supported certificate of obligation sale needed by summer, 2021 - \$45M; (5) Annual commitment to pay GCWA \$3M for debt service ends in FY 2022; and (6) Major overhaul of Harborside/Port drainage system in FY 2024-25 would require bond election. The General Fund FY17-21 comparables include: (1) \$8.87M in FY 2021 revenue, \$8.52M of which was sales and property tax revenue; (2) Police and fire pensions, police department and fire department salaries grew \$5.6M (including additional police officers); (3) CBA: Police pay up 24% and Fire up 21% since 2015 using 2015 pay scale and FY 2021 staffing; Inflation has been 6.1% in same period per Bureau of Labor statistics; (4) Infrastructure set aside grew \$2.27M; (5) Health benefits cost grew \$1.38M; (6) All other salaries grew \$242,000; and (7) Everything else in General Fund: Reduced \$661,000. General Fund strategies include: (1) Build budget one year at a time: Multiyear planning and keeping an eye on the prize; (2) \$2.5M recurring revenue from closing TIRZs (11,12, and 14); one-time share of TIRZ 11 (\$2.2M) used for pension reform, \$1M remaining in special fund; (3) \$1M cuts in FY 2019 to help pay major settlement: Had to be kept in place in FY 2020 to cover Health Benefits and again in FY 2021 because of pandemic; (4) Public safety salaries and pensions addressed over several years; (5) Infrastructure set aside mandated by charter, one percent a year beginning in FY 2013 to get to 8 percent in FY 2020; (6) Budget reductions made**

strategically, using management and business analysis to discern best targets for cuts and transitioned to new ways of conducting city business; (7) Keep administrative costs down – 3.6% of total citywide operating budget. Option 2 of the Budget Schedule will be used for discussion and adoption of the budget and tax rate.

- 3.C. Receive And Discuss An Update On Galveston Police Department's Policy Review (V. Hale - 30 Minutes)

**Police Chief Vernon Hale provided an update on GPD's policy review. He reported on the following: (1) PD staff has completed reviewing every policy, he is in the process of reviewing the same, Legal should be receiving some of the policies soon, and LexiPol will provide their review by August 14th; and (2) he recommends using the online Public Comment form for citizens to submit their comments within 10 days, and PD will compile and provide to City Council. Chief Hale will provide an overview of changes to the policy at the August 27th meeting.**

- 3.D. Dual Report Port2020-2 Audit Of Purchasing Controls And Port2020-3 Audit Of Contract Management (Brown - 15 Minutes)

**City Auditor Glenn Bulgherini and Port of Galveston representative Laura Camcioglu reported on the Port2020-2 Audit of Purchasing Controls and Port2020-3 Audit of Contract Management. The Port's procurement policy is on the July 28th Wharves Board agenda for discussion.**

- 3.E. Discussion Of The Arts & Historic Preservation Allocation Process (Collins/Brown - 10 Minutes)

**CM Collins reported that the current ordinance is not clear on how allocations will be reduced in the event HOT collections are under the budgeted amount. He suggested that Council look at two questions - (1) Should we bring HOT management back into the City's Finance Department; and (2) should Council set a percentage figure for the Arts & Historic Preservation Advisory Board to work with and make recommendations? He also recommended a one-year suspension of the rule that requires entities to spend allocations in the same year. That way, when entities open back up they will have the FY2020 and FY2021 allocations to spend. CM Collins will bring these items to the Park Board and Arts & Historic Board for their recommendations, and will bring back to City Council in August.**

- 3.F. Report Of City Council's Park Board Representative (Collins/Brown - 10 Minutes)

**CM Collins reported that demolition of the Seawolf Park Pavilion will begin on August 3rd and 4th. He reported that the Park Board has been in negotiations with the Cavalla Historical Foundation and an agreement has been reached on opening the gate at Seawolf Park again. This item will be on this week's Park Board agenda for consideration.**

#### 4. ADJOURNMENT

**City Manager Brian Maxwell provided an update on possible Tropical Storm Hanna.**

**The workshop was adjourned at 11:02 a.m.**

Janelle Williams, City Secretary

Date Approved: