

# Galveston Industrial Development Corporation

## Application for Funding

### Introduction

Certain types of investments, which result in the creation of primary jobs, retention of existing jobs, new income, expanded tax base and other positive economic growth and economic stabilization efforts are beneficial to the City of Galveston as a whole. This application form has been created to assist the Galveston Industrial Development Corporation (IDC) in evaluating potential projects for possible funding from the IDC.

### Economic Development Corporations Overview

The Development Corporation Act of 1979 gives cities the ability to finance new and expanded business enterprises in their local communities through economic development corporations (EDCs). Chapters 501, 504, and 505 of the Local Government Code outline the characteristics of Type A and Type B EDCs, authorize cities to adopt a sales tax to fund the corporations and define projects EDCs are allowed to undertake.

**Primary Jobs Requirement** - The main requirement is that the businesses bring new money into the community. In 2003, the Legislature voted to require that certain projects create or retain primary jobs. A primary job is one at a company that exports a majority of its products or services to markets outside the local region, infusing new dollars into the local economy. Primary jobs are further limited to specific industry sectors such as agriculture, mining, manufacturing and scientific research and development. Those industry limitations can be found in Local Government Code, Chapter 501.

**Performance Agreements** - EDCs cannot simply gift sales tax proceeds to businesses and/or projects. An EDC must enter into a written performance agreement with any business or project enterprise that it funds directly or makes expenditures to that benefit an eligible project. At a minimum, the performance agreement must contain:

- a schedule of additional payroll or jobs to be created or retained;
- the capital investment to be made by the business or project enterprise; and
- the terms for repayment of the EDC's investment if the business or project fails to meet the performance requirements specified in the agreement.

### Public Information

The City and IDC are subject to the Texas Public Information Act (Act). The Act provides that all information in their (City/IDC) possession is open to public inspection unless it falls within certain narrowly-defined exceptions. Information which is provided as a part of this application process will be subject to public disclosure unless an exception is found to apply to the information and the applicability of the exception is determined in accordance with the Act.

### Approval Process for IDC Funding

Preliminary approval by the IDC is mandated to comply with State regulations on the usage of Type B (4B) Sales Tax for Economic Development corporations requiring a 60-day public notice period prior to any final approvals being granted.

After approval by the IDC and compliance of the 60-day public notice period, the IDC will conduct a public hearing at the next regularly scheduled meeting of the IDC for final consideration of the project. Following IDC approval the project is then required to be approved by the Galveston City Council during the next scheduled meeting of the City Council following IDC approval. Final authority rests in the execution of a Performance Agreement between the prospective applicant and the IDC.

**No Officer, Director, Official, Agent or Employee of the City or the IDC has authority to make any binding commitment for a particular project other than through compliance with the approval process described above.**

**Applicant Information:**

Company Name: Park Board of Trustees of the City of Galveston

Address: 601 Tremont, Suite 200 Galveston, Texas 77550

Phone: 409.797.5138 Fax: 409.762.8911

Name of Contact: Sheryl Rozier

Contact Address (if different from above) Same as above

City: Galveston State: Texas Zip: 77550

Phone: 409.797.5138 Fax: \_\_\_\_\_

Email Address: srozier@galvestonparkboard.org

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**Amount of Request from IDC: \$** 200,000.00

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**Brief Project Description:**

This project seeks to extend a prior awarded CEPRA project in the 8-Mile Road area west to the bollard line at 13-Mile Road at the eastern boundary of Galveston Island State Park. This extended area includes multiple heavily populated subdivisions and public beach access points. Without first completing this engineering and design process a responsive beach nourishment project cannot be undertaken.

**Proposed Funding from the Following IDC Category:**

Beaches  Infrastructure  Economic Development  Parks

**Economic Impact:**

Please provide a brief summary of the benefits to be created as a result of the proposed project:

Galveston is a tourism economy, with its beaches being a major factor. Economic studies have detailed that more than 1/3 of all jobs on Galveston Island are tourism sustained. In 2019 tourism generated ~\$883,000,000.00 in spending, resulting in ~\$1.2Billion in total sales; and ~\$178,000,000.00 in tax revenues. In 2019, 11,542 jobs were sustained by visitors to the Island. This project helps to protect public and private infrastructure as well as FM3005, west Galveston’s primary evacuation route.

<b><u>Project Budget</u></b>	<b><u>Applicant</u></b>	<b><u>I D C</u></b>	<b><u>TOTAL</u></b>
Land	\$ 0	\$ 0	\$ 0
Building <i>(Describe new, modernization, etc)</i>	\$ 0	\$ 0	\$ 0
Furniture/Fixtures/Equipment	\$ 0	\$ 0	\$ 0
Other <i>(Describe)</i>	\$ 300,000.00	\$ 200,000.00	\$ 500,000.00
<b>TOTAL</b>	<b>\$ 300,000.00</b>	<b>\$ 200,000.00</b>	<b>\$ 500,000.00</b>

Please describe any other sources of revenue that will be used for this project. Include terms of use or types of funding:

The Park Board has submitted a grant application to the Texas General Land Office (GLO) for \$300,000.00 (60% of the proposed project cost) through the CEPRA Cycle 12 application process. The grant application is currently under consideration and pending grant award.

**OTHER ASSISTANCE:**

Has this applicant ever filed for bankruptcy protection under Chapters 7 or 11 of the Federal Bankruptcy Statutes?: (  Yes /  No )

If yes, please describe: N/A

Has your company/organization applied for any State or Federal assistance on this specific project? (  Yes /  No )

If yes, please describe: Park Board has submitted a grant application to the Texas General Land Office GLO seeking \$300,000.00 (60% of the proposed project cost).

Has your company/organization ever applied for and either received or been denied financial assistance from any other municipality in the State of Texas? (  Yes /  No )

If yes, explain: N/A

Is your company currently engaged in evaluating other communities for this project?

(  Yes /  No )

If yes, explain: N/A

**PROJECT INFORMATION:** (please address the following factors in a narrative to be attached to this application)

**Project Narrative**

- Brief overview of the nature of this project;
- Brief history on the company and its' future plans
- Narrative on why Galveston is a good location for this project/market demand

**Employment Impact**

- Total number of full time equivalent jobs brought to Galveston;
- Types of jobs created
- Total annual payroll

**Fiscal Impact**

- Total real and personal property value to be added to the tax rolls
- Anticipated direct sales tax generated at one percent (1%) of taxable sales
- Other revenues generated for the city: franchise payments, occupancy taxes, utility revenues, etc
- City infrastructure construction required
- Projected total annual operating budget of the facility

**Community Impact**

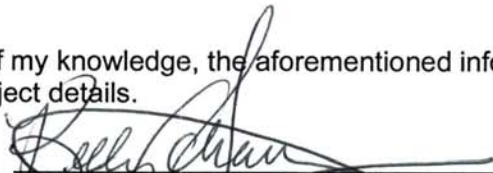
- The expected effect the project have on the local housing market
- The expected environmental impact, if any, created by the project
- The compatibility of the project with the City's comprehensive plan

**Competitive Impact**

- The effect the project would have on existing businesses in Galveston
- A list of the types of products or services to be sold by the applicant which are currently sold by existing Galveston merchants
- A list of specific businesses seen as direct competitors to the applicant

To the best of my knowledge, the aforementioned information is an accurate description of the proposed project details.

Signature:



Name:

Kelly de Schaun

Title:

Chief Executive Officer

Date:

6/28/2021

**PARK BOARD OF TRUSTEES OF THE CITY OF GALVESTON  
APPLICATION SUBMITTED TO THE  
CITY OF GALVESTON INDUSTRIAL DEVELOPMENT CORPORATION**

**Engineering & Design to Sustain an Eroding Beach on West Galveston Island through the Extension  
of the 8-Mile Road Project to 13-Mile Road**

**Project Narrative:**

This application is seeking to build upon the CEPRA cycle 11 grant award to the Park Board on Galveston Island. Identified in the General Land Office's (GLO) Coastal Resiliency Master Plan as project #R1-22, the area adjacent to 8-Mile Road is some of the most rapidly eroding area on West Galveston Island. This loss of beachfront is threatening public and private infrastructure as well as the only evacuation route for West Galveston visitors and residents. Being located on a sand starved barrier island, the City of Galveston has a documented history of implementing beach nourishment projects and undertaking other supporting projects to continually seek innovative solutions to address the ongoing erosion. However, as a result of the record setting 2020 hurricane season the City of Galveston soon realized the Cycle 11 footprint for engineering and design (E&D) would need to be extended westward to the 13-Mile Road bollard line located at the eastern boundary with the Galveston Island State Park. This area includes 12 distinct public beach access points representing 26% of the City's access point total, one of the largest residential subdivisions on west Galveston Island with many full-time residents, and some of the narrowest distances between FM3005 and the Gulf of Mexico.

The Park Board is a governmental entity created by a special act of the Texas Legislature in 1962 for the purpose of directing all tourism efforts for Galveston. The State of Texas requires that a 9-member board be appointed by the City Council, with 4 members appointed on alternate years for 2-year terms and a City Council representative appointed annually. As one of the leading tourist destinations in the State of Texas, Galveston Island is uniquely positioned to provide visitor experiences not possible in other portions of the Texas coast and statewide. Due to Galveston's ongoing erosion issues the Park Board is continually seeking the implementation of coastal restoration projects and partnered with the U.S. Army Corps of Engineers (USACE) to develop a plan for ongoing restoration efforts locally known as the Sand Management Plan, or simply the Sand Plan. This document helped chart a course for future public policy decision making and was largely responsible for the development of the Park Board's Guiding Principles.

Currently public and private infrastructure along this proposed E&D footprint is extremely vulnerable to increasingly rising tides as evidenced by the impacts of the recent 2020 hurricane season. Other factors contributing to this risk include low elevations, eroding shorelines (averaging a loss of ~6.55ft/yr. within the project area), and the proximity of the Gulf of Mexico to FM 3005. The intent of this application is seeking to partner with the GLO to extend the planned 8-Mile Road Engineering & Design (E&D) footprint westward to 13-Mile Road, and to develop the E&D specifications necessary to successfully implement a future beach nourishment project. Without these E&D documents, future projects are not possible, and their absence will prohibit future remedies or the search for project partners. Multiple benefits include protections to the primary evacuation route for west Galveston residents and visitors, providing additional recreational opportunities, habitat protections for nesting and foraging species of native and endangered species. The Park Board already has the USACE permits necessary to implement a future construction phase through 12/31/2024. Concurrent with this effort the Park Board is also looking to the future, by making plans to extend the life span of its existing USACE permits to 2029. The extension of this E&D from the west end of the 8-Mile Road project to 13-Mile Road could include ~24,175LF of an updated and engineered beachfront.

As a beach community, Galveston's economy is largely based on tourism and extremely visitation dependent. Economic studies completed by Tourism Economics have found that more than one-third of all jobs on Galveston Island are sustained by tourism. That tourism also generated ~\$883,000,000.00 in spending measured in 2019 dollars, resulting in approximately \$1.2Billion in total sales; and approximately \$178,000,000.00 in tax revenues. These tax revenues help relieve the potential tax burden of local citizens. In 2019, Tourism Economics found that 11,542 jobs were sustained by visitors to the Island. No infrastructure requirements are necessary to undertake and implement this engineering and design project. But with its completion the extended area to 13-Mile Road will have the supporting documents necessary to undertake a large-scale project pending the availability of funding and materials. But it is important to also note, without these E&D documents in place the needed beach restoration projects cannot be undertaken.

The GLO has estimated that approximately 118 construction jobs are resulting from the 8-Mile Road beach nourishment project as listed in the Texas Coastal Resiliency Master Plan (Project #R1-22). That number does not include resulting

project benefits to the local economy that would include increased visitation, restored habitat benefits, additional recreational benefits, infrastructure protections from a completed beach project, and increased property values. This E&D project will support businesses in Galveston by helping to increase visitation through a completed beach project. The implementation of this E&D project would not result in any direct competition for existing businesses, and there is the possibility a local E&D firm could be selected by the GLO to undertake this project.

While this is not a beach nourishment project, it will make future beach nourishment projects within this area possible. Galveston's Erosion Response Plan (ERP) includes short and long-term goals and supports the inclusion of the most recent science in public decision making. Updated E&D documents fulfill this intent. This project's intent is very consistent with the Park Board's "Guiding Principles" (GP) #3 and #4 developed during the Sand Management Plan process. These GP's are two of the Park Board's standards applied to all projects since implementation of the Sand Management Plan. Projects are evaluated based on the following four Guiding Principles.

GP #1- Retain sediment in the system utilizing Regional Sediment Management (RSM) concepts.

GP #2- Defend what has been built, continual maintenance.

GP #3- Seek opportunities to conduct large scale nourishment projects.

GP #4- Disaster recovery; Resilience, Sustainability and Engineered Beach Status

The project proposed in this application is an E&D project intended to address some of the highest eroding areas on Galveston Island and to facilitate protections to 12 (totaling ~26%) of the City's beach access points. This project application if successful will provide a basis for a future construction project targeted to extend beach nourishment projects westward to 13-Mile Road in connection with Texas Coastal Resiliency Master Plan project #R1-22.

## **Park Board of Trustees of the City of Galveston**

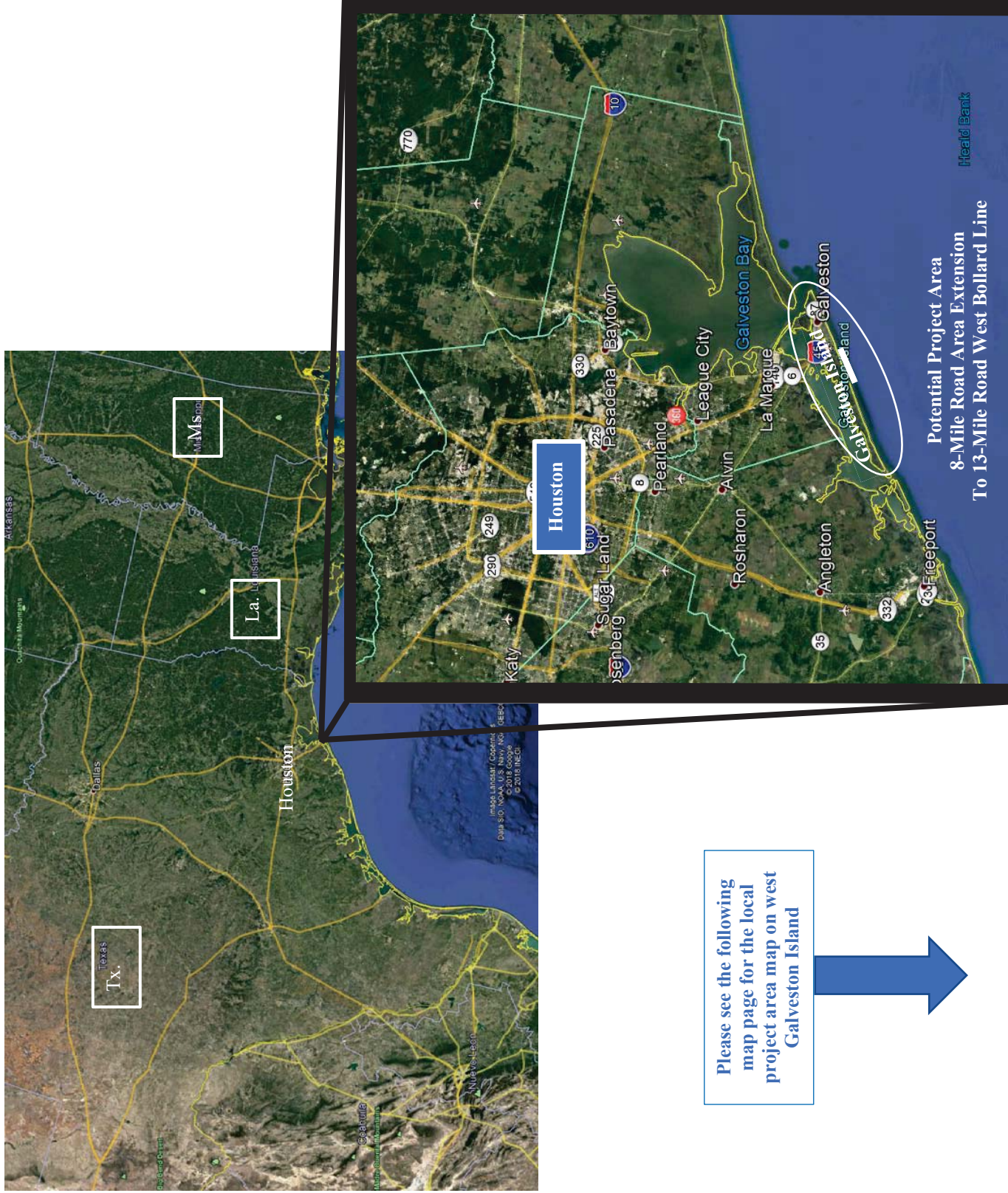
### ***Vision Statement***

The Park Board of Trustees' (PBTG) vision is to lead Galveston and Texas in creating a tourist destination that promises memorable experiences and wonderful amenities and delivers lifelong memories that makes people want to return - and to bring their friends and family.

### ***Mission Statement***

The Park Board of Trustees' mission is to promote Galveston Island, its natural resources, attractions, and heritage; to attract visitors to Galveston Island; and to assure that Galveston's assets, for which the Board of Trustees is responsible, provide visitors and residents with exemplary experiences in an environment that is safe, clean, accessible, fun, and environmentally sensitive.

**Park Board of Trustees of the City of Galveston  
Engineering & Design to Sustain an Eroding Beach on West Galveston Island  
Through the Extension of the 8-Mile Road Project Engineering & Design Footprint to 13-Mile Road  
Map of Project Area Includes Regional / Local / and Project Area**



**Park Board of Trustees of the City of Galveston  
Engineering & Design to Sustain an Eroding Beach on West Galveston Island  
Through the Extension of the 8-Mile Road Project Engineering & Design Footprint to 13-Mile Road**

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**Proposed Local Project Area**



Proposed Engineering and Design Extension from the 8-Mile Road on-beach parking area to the western bollard line at 13-Mile Road located at the eastern boundary of Galveston Island is ~24,175LF.

This project footprint includes:

- 12 distinct public beach access points (most dense distribution on the Island)
- Represents ~26% of the City's total access points