

# 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: \$ 75,000.00**

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**Brief Project Description:**

This project proposes the amendment of two federal U.S. Army Corps of Engineers (USACE) permits (#SWG-2000-02888 & #SWG-2007-01025) held by the Park Board of Trustees of the City of Galveston that respectively authorize beach and dune restoration projects along the seawall and west of the seawall to the San Luis Pass inlet, not including the City of Jamaica Beach and the Galveston Island State Park.

**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:

Beaches on Galveston Island are a major contributor to the overall economy. More than one-third of all jobs on Galveston Island are sustained by tourism. Tourism generated ~\$883,000,000.00 in spending during 2019, 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. The amendment of these two federal USACE permits enables the implementation of future beach restoration projects to protect and enhance Galveston's beaches to better serve residents and visitors.

<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>	\$ 225,000.00	\$ 75000	\$ 300,000.00
<b>TOTAL</b>	<b>\$ 225,000.00</b>	<b>\$ 75000</b>	<b>\$ 300,000.00</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 \$225,000.00 (75% 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 \$225,000.00 (75% 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**

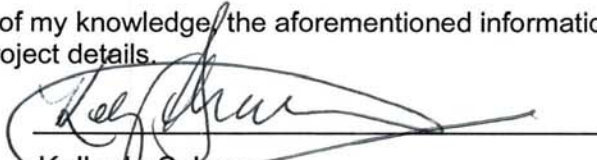
- The expected effect the project have on the local housing market
- The expected environmental impact, if any, created by the project
- The compatibility of the project with the City's comprehensive plan

**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**

**Preserving and Enhancing Galveston's Beachfront Through Amendment and Updating of the Park Board's  
Federal Beach and Dune Restoration Permits**

**Project Narrative:**

This application is seeking to amend two federal U.S. Army Corps of Engineers (USACE) permits (#SWG-2000-02888 & #SWG-2007-01025) held by the Park Board of Trustees of the City of Galveston (Park Board) that respectively authorize beach and dune restoration projects along the seawall and west of the seawall extending west to the San Luis Pass Inlet. Such permits are required prior to undertaking beach nourishment and dune restoration projects and are not only intended to ensure compliance with federal and state laws, but also to protect native and endangered species who happen to call the local beaches home. Both federal permits have been used successfully to implement nationally recognized and award winning beach restoration projects; at Babes Beach, at Dellanera RV Park, and along the Historic Stretch of the Galveston Seawall between 12<sup>th</sup> to 61<sup>st</sup> street. Additionally, both USACE permits have previously been amended to align their expiration dates to fall on December 31, 2024. While this application may seem premature to seek an amendment more than three years in advance of its expiration date; this application simply serves to underscore the importance of these two permits. The U.S. Army Corps of Engineers and the Texas General Land Office (GLO) have been partners with the Park Board to implement beach nourishment and dune restoration projects that would not have been possible had these two permits not been in place. Amending a federal permit is a lengthy, time consuming process that can include development of an updated biological assessment, an updated biological opinion, and numerous interactions with various federal and state resource agencies. Each of these steps require timely responses and coordination between those entities providing input on the renewal / amendment process. It is not uncommon for USACE permit amendments to take up to two years and possibly longer to be successfully completed.

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.

Galveston's economy is tourism based, and dependent on visitation. More than one-third of all jobs on Galveston Island are sustained by tourism. Tourism generated ~\$883,000,000.00 in spending during 2019, 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. There are not any infrastructure requirements necessary to undertake and implement these two federal permit amendments. But with their renewal and extension to 2029 the beach and dune areas within these two permits will have the ability to undertake restoration projects. Without these permits in place those restoration projects are simply not possible.

Individually, beach nourishment projects have been estimated by the Texas General Land Office (GLO) in their Texas Coastal Resiliency Master Plan published in March of 2019, to result in the creation of approximately 118 jobs during construction. But that number does not include subsequent benefits to the local economy resulting from a completed beach nourishment project that provides additional recreational opportunities and also serves to increase upland property values. The amendment of these two federal permits will help to support businesses in Galveston by helping to increase visitation and drawing additional visitors to the island. The amendment of these two permits would not result in any direct competition for existing businesses, as there is not another entity on Galveston Island seeking to obtain these types of permits for these areas.

Amendment of the Park Board's two USACE federal permits is the cornerstone of the Park Board's; and by extension City of Galveston's coastal restoration program in partnership with the GLO and USACE. These two permits form the basis on which all of the City's restoration projects are based. The City's various planning and guidance documents include the protection of public and private infrastructure as an important goal. On an eroding barrier island, those protections must factor in beaches and dunes as the first line of defense against rising tides and tropical weather events. The engineered interventions undertaken by the City, Park Board and GLO to augment the Island's beaches simply can't

happen without the Park Board's two federal permits. The beach and dune projects proposed in the Texas Coastal Resiliency Master Plan are dependent on the viability of the permits as are significant planning documents developed by the City including the Progress Galveston effort following Hurricane Ike. The City of Galveston Hazard Mitigation Plan identifies ongoing erosion as a natural hazard faced by the City and noted that erosion and subsidence and contribution factors in shoreline retreat. The Hazard Mitigation Plan identifies "Beach and Dune Restoration projects can also be undertaken to mitigate this hazard." Specifically, the Plan identifies Objective 3.2 (on page 9-19) "Consider measures to ensure that modifications to existing development, as well as any future development, will not put people or property in harm's way, or will not increase threats to existing properties." With the proposed "high priority" to "Support aggressive beach nourishment program to address critical erosion areas." The Plan identifies "restoring destroyed dunes" as a high priority on page 9-20. This application also supports the City of Galveston Dune Protection and Beach Access Plan by seeking to restore damaged dunes, increasing beach areas, and seeking to protect habitat. While this project is not specifically a construction project, its successful completion will result in restored dunes, improved habitat, and increased beach width on literally all of Galveston Island.

While this project to amend the Park Board's federal permits is not a beach nourishment project, the amendment process proposed in this application will support every future beach and dune restoration project implemented between January 1, 2025, extending through December 31, 2029. It will make future beach nourishment and dune restoration projects possible. The City of Galveston Erosion Response Plan (ERP) includes long and short-term goals and supports the inclusion of the most recent science in public decision making. By definition, amended federal permits include updated biological assessments that lead to updated biological opinions that form the basis for the authorized activities in both amended federal permits. Updated federal USACE permits are consistent with City's permitting documents and plans. A federal permit allows activities that are following existing federal, state and local regulations. The City of Galveston's beach and dune plan and related documents are based in a compliance with federal regulations. The Park Board's two federal permits and their subsequent amendments are supporting documents for the City's beach and dune plan.

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

### ***Vision Statement***

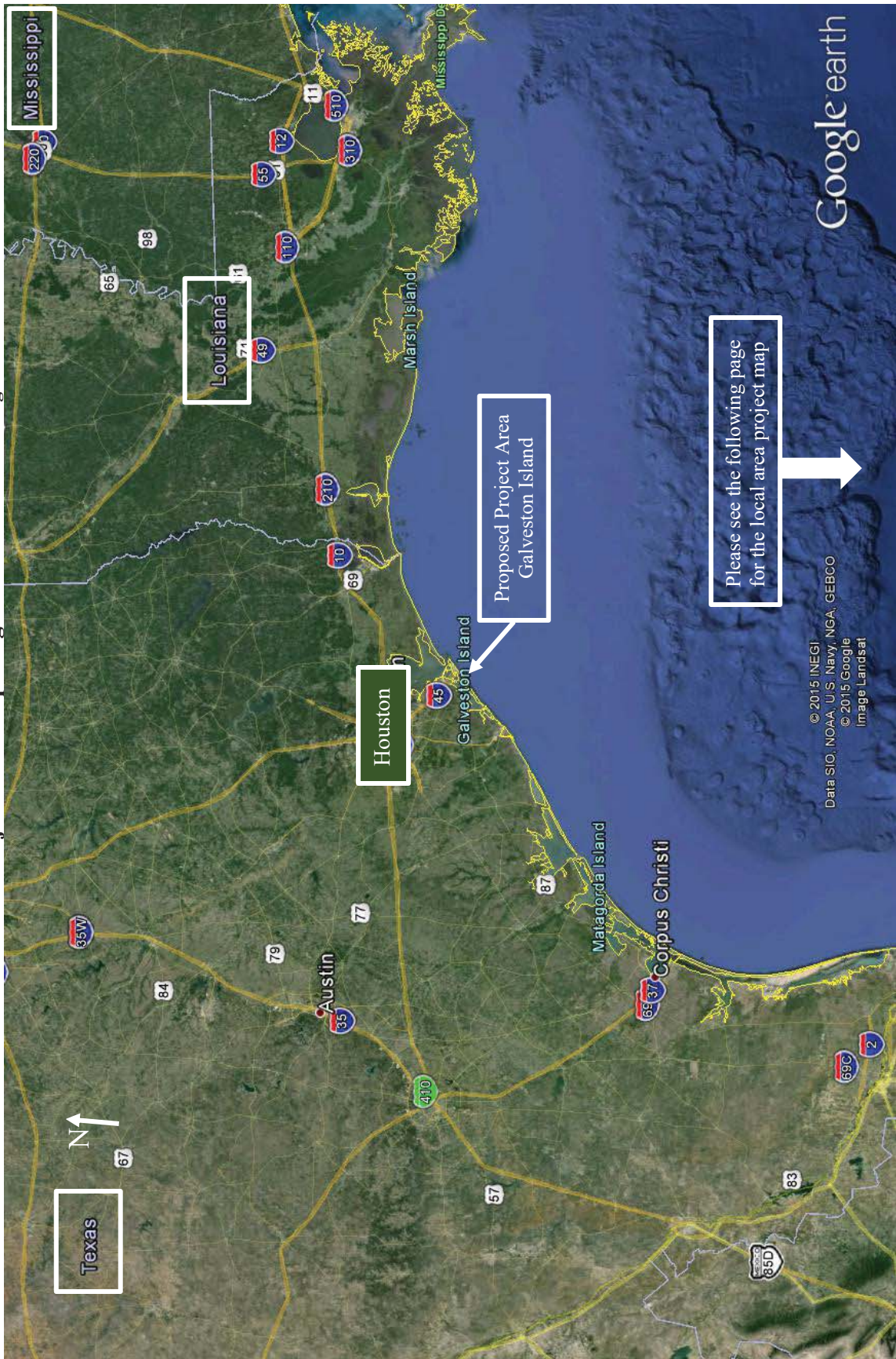
The Park Board of Trustees' (PBTG) vision is to lead Galveston and Texas in creating a tourist destination that promises memorable experiences and wonderful amenities and delivers lifelong memories that makes people want to return - and to bring their friends and family.

### ***Mission Statement***

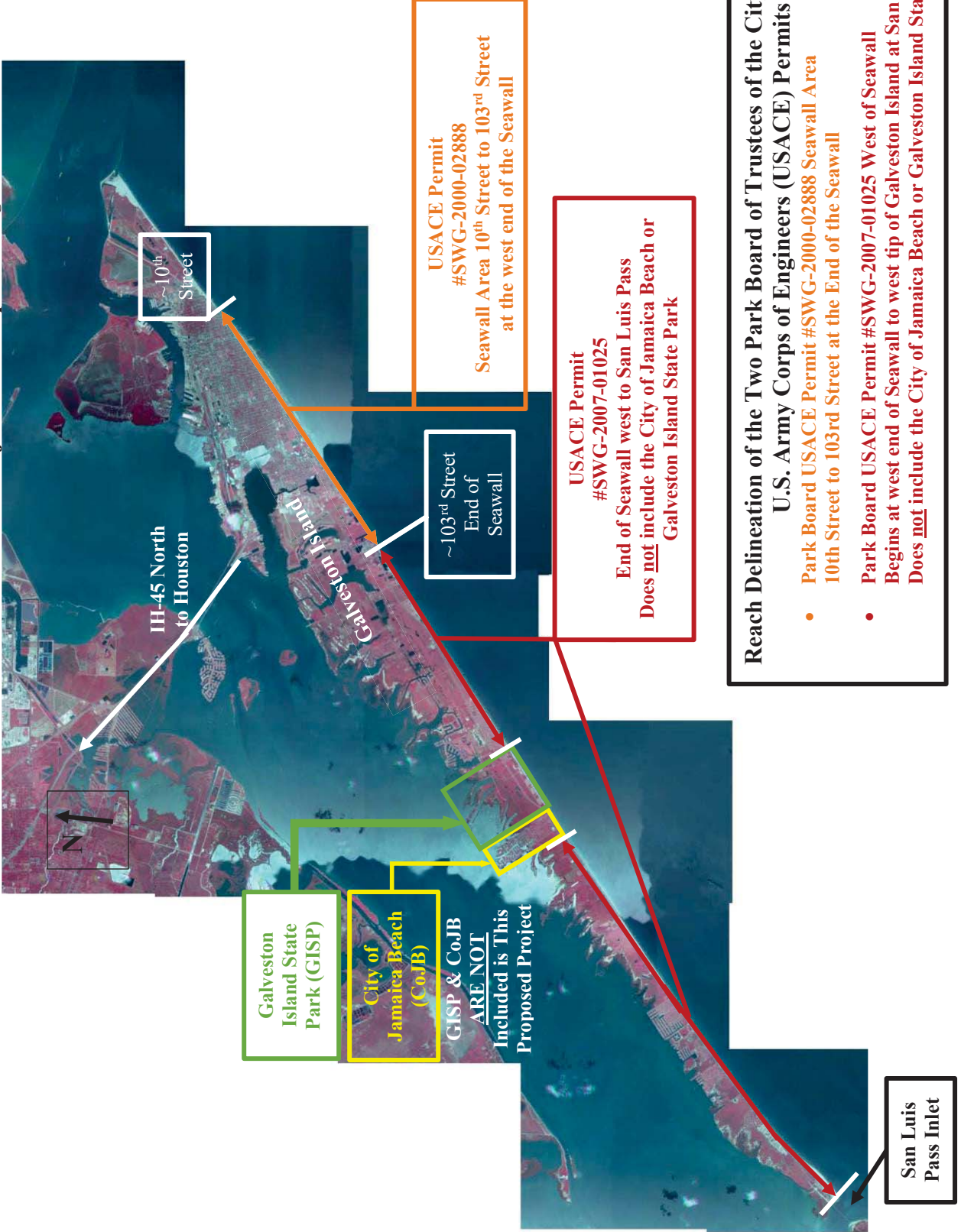
The Park Board of Trustees' mission is to promote Galveston Island, its natural resources, attractions, and heritage; to attract visitors to Galveston Island; and to assure that Galveston's assets, for which the Board of Trustees is responsible, provide visitors and residents with exemplary experiences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



**Park Board of Trustees of the City of Galveston**  
**Preserving and Enhancing Galveston's Beachfront Through Amendment and Updating**  
**of the Park Board's Federal Beach and Dune Restoration Permits**  
**Project Area Map- Regional View** Page 1



**Park Board of Trustees of the City of Galveston  
 Preserving and Enhancing Galveston's Beachfront Through Amendment and Updating of the Park Board's  
 Federal Beach and Dune Restoration Permits Project Area Map** Page 2



**Reach Delineation of the Two Park Board of Trustees of the City of Galveston U.S. Army Corps of Engineers (USACE) Permits**

- Park Board USACE Permit #SWG-2000-02888 Seawall Area 10th Street to 103rd Street at the End of the Seawall
- Park Board USACE Permit #SWG-2007-01025 West of Seawall Begins at west end of Seawall to west tip of Galveston Island at San Luis Pass Does not include the City of Jamaica Beach or Galveston Island State Park