



City of Galveston

DEVELOPMENT SERVICES

ECONOMIC DEVELOPMENT STAFF REPORT

STAFF REPORT

Date April 28, 2022

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

From: Michele Hay, Economic Development Coordinator

Project: Pelican Island Bridge Replacement Project – Additional Funding Request

Request:

Discuss and Consider for approval Additional Funding for the Pelican Island Bridge Replacement Project in the amount of \$1,000,000.

Prior Action

In 2019, the IDC and City Council approved an economic development agreement for funding in the amount of \$5,000,000.00 as the City's share of Local Match towards the Pelican Island Bridge Replacement Project.

The approximately \$115 million Pelican Island Bridge Replacement Project is primarily being funded through a grant from TXDoT's Bridge Replacement Fund and a grant from H-GAC's Surface Transportation Block grant. Other parties contributing funds to the Local Match for the Pelican Island Bridge Replacement Project are Galveston County, the Galveston County Navigation District No. 1, the Port of Galveston, Texas A&M University at Galveston and the Port of Houston.

It was decided that the funding would be set aside to accumulate over the course of five years and split between the IDC's Economic Development silo and the Infrastructure silo. Each year, \$900,000 would be set aside from the Economic Development silo and \$100,000 would be set aside from the Infrastructure silo until the entire \$5,000,000 was accumulated (in approximately FY2024).

Background

Recently, it was determined that additional funding needed to be set aside to cover any overages that might occur during final cost estimates or during project construction. The City's portion of this additional funding request is \$1,000,000. Funding for overages will also be set aside from the other contributing entities.





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To date, \$2,700,000 has been set aside from the Economic Development Silo and \$500,000 has been set aside from the Infrastructure Silo for a total of \$3,200,000. Based on the current available funds in the Economic Development and Infrastructure Silos and the anticipated future sales tax revenue, the remaining funds of \$2,800,000 for the Pelican Island Replacement Bridge project (which includes the additional \$1,000,000 request), will be available in FY 2024.

During the April IDC meeting, Mayor Brown advised that TXDoT requires the funds for the project be available approximately 60 days prior to the letting of the project (which is the official receipt and opening of bids to determine the apparent low bidder). If timing is such that funding is required prior to FY2024, forecasts show that funds would be available to expend from the ED Silo by the end of FY 2023.

Fiscal Impact

	Pelican Island Bridge Replacement Project	IDC Econ Dev Silo		IDC Infrastructure Silo	
Request #1 (2019)	\$5,000,000.00	\$4,500,000.00		\$ 500,000.00	
FY 2020			\$900,000.00		\$ 100,000.00
FY 2021			\$900,000.00		\$ 100,000.00
FY 2022			\$900,000.00		\$ 300,000.00
FY 2023			\$900,000.00		\$ 0.00
FY 2024 or FY 2023			\$900,000.00		\$ 0.00
Total			\$4,500,000.00		\$500,000.00
Request #2 (2022)	\$1,000,000.00	\$ 900,000.00		\$ 100,000.00	
FY 2023 or FY 2024			\$900,000.00		\$ 100,000.00
TOTAL	\$6,000,000.00	\$5,400,000.00		\$600,000.00	





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Recommendation

Staff recommends approving the request for additional funding in the amount of \$1,000,000 to cover the City's share of potential overages in the Pelican Island Bridge Replacement Project. In keeping with the current funding structure, staff recommends that \$900,000 be pulled from the Economic Development silo and \$100,000 be pulled from the Infrastructure silo.

Based on the recent financial forecast of the two silos, adequate funds should be available to allow funding to be pulled from FY2024, the same time as the final allotment from the initial funding agreement.

If needed prior to FY 2024, funds should be available to pull remaining balance by the end of FY 2023.

Attachments

Agreement

Resolution

