



GALVESTON
* ISLAND *
Park Board of Trustees

Agenda Item Overview

Agenda Item: Presentation of City of Galveston 2021 Legislative Agenda

Background: Sally Bakko, Director of Policy and Governmental Relations for the City will present the 2021 State Legislative Agenda to the Board of Trustees.

2021 Legislative Agenda for
THE CITY OF GALVESTON
87th Texas Legislature



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.



87th Texas Legislature

City of Galveston 2021 State Legislative Agenda

City of Galveston Council

Craig Brown, Mayor

ER Johnson

William Schuster

David Collins

Bill Quiroga

John Listowski

Marie Robb

City Manager

Brian Maxwell

Deputy City Manager

Daniel Buckley

City Attorney

Donald Glywasky

LEGISLATIVE PRIORITIES FOR THE CITY OF GALVESTON

SUSTAIN ESSENTIAL CITY SERVICES

Streamline Burdensome State Rules Added to Federal Recovery Funds. Without efficient responsive action, physical and financial harm to communities caused by devastating natural disasters or the current pandemic can last long into the future. Overly restrictive or duplicative rulemaking can needlessly slow drawing down critical funds for emergency needs. Through the Coronavirus Relief Fund authorized by Congress in the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), the U.S. Treasury directly allocated roughly \$11.24 billion to Texas for use by the state and local governments for unanticipated and necessary costs incurred due to COVID-19 from March 1 to December 30, 2020. Treasury Guidance identifies eligible costs across six categories, including: 1) medical expenses; 2) public health expenses; 3) payroll for certain personnel substantially dedicated to COVID-19 mitigation or response efforts; 4) compliance expenses with COVID-19-related public health measures; economic support expenses in connection with COVID-19; other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund’s eligibility criteria. Cities with populations over 500,000 received direct CARES Act financial assistance, while smaller cities received pass-through funding from the Texas Department of Emergency Management (TDEM). TDEM placed overly prescriptive restrictions on these categories beyond U.S. Treasury Guidance that complicates and thwarts the City’s response to the most urgent COVID-19 needs. Moreover, the City is limited to 20 percent of our allocation and must go through an audit before receiving addition funds. TDEM restrictions curbs the City’s CARES Act spending on recovery efforts so critical to this massive public health crisis. The CARES Act experience should guide the Legislature when evaluating legislative remedies and improvements to emergency management procedures. The City of Galveston asks the Legislature to limit state agencies from adding burdensome non-federally mandated rules to federal funding for emergency efforts when expedient action is essential for a community’s physical and economic recovery.

Safeguarding Local Property Tax Revenues during Disaster. A crippled economy due to COVID-19 augments challenges the City of Galveston faces to fund critical infrastructure improvements and essential services for the citizens’ safety and general welfare. Despite these challenges, the City of Galveston adopted an FY 2021 Annual Budget with a property tax rate almost two (2) cents below the 3.5 percent voter-approved property tax rate limitation, fully funds public safety and basic services, and sustains major operating fund reserves that exceed the City’s charter-required ninety-day minimum. Healthy operating reserves improve bond rating assessments and are essential to fund debris removal following a storm when only 75 percent is reimbursed by the Federal Emergency Management Agency (FEMA). Major hurricane or tropical storm events significantly intensify challenges for coastal communities when funding basic services and recovery efforts. Acknowledging these concerns, the 86th Legislature enacted an exception in SB 2 property tax reform legislation by restoring the former 8 percent rate limitation for up to three (3) years for communities impacted by disaster. The frequency and intensity of Hurricanes Hanna, Marco,

Laura, and Delta demonstrate the threats to the Gulf Coast and re-emphasizes the urgent need for the property tax rate limitation exception following a disaster. Over five years passed before Galveston taxable property values recovered from the significant reductions imposed by Hurricane Ike in 2008. The City of Galveston urges the Legislature to grant an exception to the 3.5 percent voter-approved rate for five (5) years or when property values recover to pre-event levels, whichever occurs first. Such an exception provides the critical insurance coastal communities require when facing increasingly frequent storm disaster hazards.

Hotel Occupancy Tax (HOT). Tourism is the lifeblood for the City of Galveston economy, significantly impacting business sales, employment, and tax revenue. The Galveston Park Board of Trustees receives the most significant share of HOT revenues that are used for advertising and promotional programs, cleaning and maintaining beaches, and lifeguard services on the Island’s beaches. The City receives “trickle down” funds, an amount that reverts to the City after key distributions are made to the Park Board, convention center bond debt service, and convention center operations. City HOT revenues support rail trolley and rubber wheeled trolley operations that transport visitors between The Strand District area and beaches, restaurants and hotels along the Seawall. At a time when needed the most, HOT revenues are struggling to recover from the economic impacts of COVID-19. The City of Galveston strongly supports protecting the current collection and use of HOT revenues that are so essential for supporting tourist related needs that contribute to local and state economic strength.

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. 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. Texas cities are concerned other local utility franchise fees could be threatened with similar state pre-emptive legislation. The City of Galveston opposes legislation that would preempt local franchise fee authority and urges the Legislature to recognize the importance of a diversified local revenue base that reduces burdens on property tax revenues.

STRENGTHEN PARTNERSHIP ROLES AND RESPONSIBILITIES

Support Community Policing, Officer Wellness and Accountability Initiatives. Community-oriented policing embodies practices that build stronger relationships and encourages greater trust and respect between community residents and law enforcement. To improve relations and accountability, law enforcement requires tools to transform outdated protocols into effective community-oriented policing techniques. The City of Galveston joins the Texas Police Chiefs Association in supporting legislative initiatives to: 1) strengthen hiring and separation processes; and 2) increase funding for mental health resources, officer wellness programs, and law enforcement training. Many of these goals require critical leadership from the Legislature to forge essential partnerships. *First*, enhance law enforcement accountability through three mechanisms:

1) develop a statewide database accessible to hiring law enforcement agencies to identify rejected police officer applicants and decertified officers; 2) remove barriers and provide a realistic due process for holding unfit officers accountable and facilitating separation; and 3) improve the arbitration process with the use of truly neutral arbitrators from across the state, rather than local arbitrators that may exercise bias. *Second*, grant funding support to: 1) expand the use of multi-disciplinary crisis response teams that include trained law enforcement and licensed mental health clinicians to de-escalate situations involving individuals experiencing mental health crisis; 2) increase patient transports by entities other than law enforcement; 3) increase state funding of officer training in particular crisis intervention and de-escalation training; 5) officer wellness programs with an emphasis on suicide prevention; and 6) Implicit Bias training and Active Bystandership for Law Enforcement (ABLE) Project to prepare officers to intervene to prevent harm and create a law enforcement culture that supports peer intervention.

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 encourage Texas private insurers to write policies equitably across the state, including windstorm policies in coastal communities. Examination of the TWIA funding structure, as directed by the 86th Legislature with passage of HB 1900, provides a unique opportunity to view TWIA in a significantly different role. 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.

- A significant number of windstorm claims processed by TWIA involve smaller claim amounts.
- A low-cost attachment could restrict TWIA coverage to claims above \$25,000.
- Such an arrangement would reduce the risk for the private insurance company. Moreover, TWIA could market the low-cost attachment statewide to induce greater private sector participation as well as further spread and reduce risk.
- In addition, such an arrangement could allow private insurance companies to bundle policies (i.e. homeowners, automobile, life, and windstorm), thus providing even greater incentive.
- By reducing risk and expanding private insurance market involvement, premiums can become more affordable for policyholders.

There are significant advantages for the State:

- As a reinsurer, TWIA reduces its overhead no longer paying commissions, processing small claims, or involved in an expensive claims adjudication process.
- Rather than continue as a costly drain as a primary retail insurance provider competing with the private market, TWIA becomes a reinsurance provider that generates revenue for the state.

Revitalize the Port of Galveston. A Texas treasure, the Port of Galveston is ranked as the 4th busiest cruise port in North America and 12th 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. Additional PAAC funding is critical for assisting the Port of Galveston with infrastructure improvement needs.

Coastal Storm Surge Suppression System. A U.S. coastal barrier storm surge suppression system (“coastal barrier system”) along the upper Texas coast is a critical national security and economic protection priority vital to the state economy and the nation’s interstate commerce. The Gulf Coast region is home to 27 refineries representing 29 percent of the nation’s total refining capacity as well as major ports that handle 65 percent of all U.S. project cargo and deliver a larger volume of jet and diesel fuel to the US military than any other state. Storm surge flooding could significantly damage essential energy supply infrastructure, paralyze transportation systems, disrupt interstate commerce, and threaten national security. With over 70 percent of all freight tonnage moved by truck in the U.S., gas shortages and increased costs will adversely affect the nation’s freight movement, affecting every state in the US. The 87th Texas Legislature will convene at a critical time for the coastal barrier system project. In May 2021, the US Army Corps of Engineers (USACE) will release the Coastal Texas Study Chief’s Report that identifies design requirements, costs, and recommendations to Congress. In 2022, Congress will consider Water Resources Development Act legislation, the primary vehicle for authorizing USACE projects. To assist with gaining Congressional authorization, the City of Galveston urges the Legislature enact legislation that demonstrates the state’s commitment to this critical project and create a multi-coastal county authority to collaborate with the state as a non-federal sponsor for construction, maintenance, and operation of the coastal barrier system.

Post-Disaster Beach Nourishment and Dune Protection. Galveston Island’s 32 miles of beaches continues to be a significant attraction annually for visitors to the Island with a new peak of 7 million visitors in 2019. Coastal erosion exacerbated by flooding prompts the loss of beaches, dunes, and wetlands triggering reduced property and property values while increasing the damaging impacts of storms to coastal communities. With significant COVID-19 impacts on travel and tourism, HOT revenues primarily dedicated to coastal zone management and beach patrol efforts are 19 percent behind last fiscal year. 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), the General Land Office (GLO) is an essential partner with Galveston to support beach nourishment efforts that address severe beach erosion. The City of Galveston urges Texas legislators to sustain funding for CEPRA, an effective program that balances protections for public beaches and private property owners, natural resources, coastal development, and public infrastructure.

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 strongly supports this principle of local self-governance and opposes legislation that would undermine the will of local voters.

Cooperative Broadband Expansion. Limitations placed on schools and businesses due to COVID-19 raises concerns for the availability of the essential broad network coverage needed to increase internet connectivity. Efficient connectivity is a critical need to ensure as seamless an education as possible for our students learning remotely during the pandemic. To meet this challenge, the City of Galveston has transformed lengthy and time-consuming permitting processes by transitioning to a 21st century 5G on-line permitting software portal. The online portal has shortened permitting from a three to six-month timeframe to a few weeks for mid-size and large projects. For smaller projects, the online portal has reduced processing time to a few days. To facilitate an efficient and expedited telecommunication permitting process, the City entered into a Memorandum of Understanding (MOU) with AT&T and Comcast. This “honor system” MOU recognizes providers with a track record that demonstrates good performance and communication with Galveston residents as well as an understanding of the Island’s unique right of way infrastructure. City staff is working with other national carriers and smaller firms entering the 5G telecommunications market in Galveston to determine readiness for similar MOU partnerships. The City of Galveston urges the Legislature to avoid a “one-size fits all” approach when considering the telecommunications needs and challenges for Texas. Instead, by encouraging innovativeness and cooperation, a city’s demonstrated success with creative solutions provides best practices for other cities to consider and implement.

Local Land Use Authority. With the ability to engage all concerned stakeholders, local government can best address land use and zoning issues in ways that are efficient, effective, and sensitive to particular local circumstances. The City of Galveston is rich with natural beauty, historic architecture, as well as an eclectic assortment of homes, buildings and recreational attractions. The City of Galveston opposes preemptive legislation that limits or radically weakens Galveston’s ability to sustain the endearing historical image and unique character of Galveston.

- Permitting – The City of Galveston is a resilient and determined community whose citizens, businesses, and local government work together to sustain the City’s unique character. However, as an historic community that remains vulnerable to major storms, the City of Galveston has a more complex set of regulations due to its location on a barrier island.
 - Building codes require higher wind load requirements due to the threat of wind storms.
 - National Flood Insurance Program (NFIP) Community Rating System requirements reduce premiums for residents.
 - 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.
- Historic Preservation – Historic preservation is important to the City of Galveston’s economy, with millions of people coming each year to visit our historic downtown and neighborhoods.

Visiting historic sites is ranked along with water, beach activities, dining, and shopping as the top reasons tourists visit Galveston. Since the City's first historic district designations in the 1970s, regulations governing the historic areas have been developed in collaboration with members of the community and historic district stakeholders. Updates to Design Standards for Historic Properties involved an extensive public process that afforded all affected Galveston property owners the opportunity to participate.

- *Short-term Rental Ordinance* – Galveston residents, short-term rental professionals, realtors, local elected officials and many others joined together to develop our short-term rental ordinance. These discussions lasted well over a year and produced an ordinance that reflects a delicate balance between ensuring an open welcome for short-term rentals who provide an essential service for our tourists (over 2,300 registered short-term rentals on the island) while demonstrating respect and consideration for our residential neighborhoods.
- *Tree Ordinance* –Following the loss of over 40,000 trees from the devastating effects of Hurricane Ike, residents of Galveston gained a new appreciation for what trees mean to their community such that trees are no longer taken for granted. Galveston's Tree Ordinance success stems from balancing tree preservation goals and property owner interests through an extensive public input process involving several public workshops and meetings. Because Galveston remains vulnerable to major storms, the City adopted a Tree Ordinance as part of the 2015 Galveston Land Development Regulations. The City of Galveston opposes preemptive legislation that would threaten Galveston's very successful tree ordinance.

Owner registration of vacant and dangerous buildings. As one of the most historic cities in the State of Texas, historic preservation is important to the economy and character of the City of Galveston. However, the historic nature of the building is not the primary concern when the structure is determined to be dangerous and may endanger life, health, property or public safety. The City of Galveston is committed to fair and impartial code enforcement that reasonably balances sound private property right protections with public health and safety concerns, while respecting historical preservation goals. However, identifying last known owners through the Galveston Central Appraisal District system is a time-consuming process. The City of Galveston supports legislation to extend to all municipalities the vacant building registration ordinance authority granted only to certain municipalities under Section 214.233 of the Local Government Code.

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.

Reach Public Retirement System Goals Through Cooperative Action. The 2019 Texas Pension Review Board (PRB) “Interim Study: Funding Policies for Fixed-Rate Pension Plans” identified strong funding policies as a necessity for public pensions to manage, reduce and ultimately eliminate unfunded liabilities. With the passage of SB 2224 during the 86th Texas Legislature, public retirement systems are required to: adopt written funding policies by January 1, 2020; detail a plan for achieving a funding ratio that is equal to or greater than 100 percent; and submit written funding policies and any changes to plan sponsors (“sponsor”) no later than the 31st day after the date the policy or change is adopted. Small pension plans are vulnerable to slight changes in market conditions, decline in membership and, in the instance of public employees, a reliance on tax dollars. The City of Galveston applauds PRB recommendations that sponsors and governing boards share in plan ownership by working jointly to develop funding policies and address needed changes. Prior to adoption of benefit and/or contribution changes, state law should require sponsors and governing boards to work jointly when acting on benefit and/or contribution changes that could affect plan unfunded liabilities. The City has recently experienced this as the board of the employee’s pension plan increased the benefit cap without regard to the resultant increase in the unfunded liability. The City of Galveston seeks legislation to promote shared ownership of public retirement plans by requiring:

- 1) governing boards and sponsors to jointly develop written funding policies and amendments, address needed contribution adjustments, and adopt benefit changes; and
- 2). educational requirements and annual training for board members.

An active “develop, review and concur” role for the sponsor in partnership with the governing body, will provide the needed “checks and balances” approach to prevent deviating from written funding policy goals.