

Galveston City Council's 1/2 Cent Sales Tax Proposal

An Economic Development
Strategy For Galveston Island



September 1993

Prepared by: The City Manager's Office

Foreword

On September 15, 1993, City Council passed an Ordinance calling for a Special Election on November 2, 1993, to afford the Citizens of Galveston the opportunity to vote on a 1/2 Cent Sales Tax Proposal.

City staff has assembled this booklet in a honest effort to provide critical information to the residents of Galveston regarding the proposed projects for funding consideration.

The majority of City Council feel that these four separate issues on the ballot are presented as part of an economic development strategy for Galveston Island.

In selecting projects for the ballot, it was the goal of City Council to select items that are critically needed to maintain existing businesses, to attract new businesses, to create new permanent jobs, to minimize the financial impact of EPA mandated sanitary sewer improvements, and to begin the process of eliminating septic tanks in the west end resulting in protecting the environment and increasing the tax base with more west end development.

We trust that you will find this information beneficial. Should you have any questions or need additional information, please call the City Manager's Office at 766-2150.

Douglas W. Matthews
City Manager

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1/2 Cent Sales Tax Legislation

General Information

Texas Revised Civil Statutes, Article 5109.6, Section 2(10) defines the term project for the purposes of the statute as land or improvements that are suitable for the development or expansion of manufacturing or industrial facilities, transportation facilities, sewage or solid waste disposal facilities, air or water pollution control facilities, water distribution facilities, distribution centers or small warehouse facilities, or related facilities, in furtherance of the public purposes of the Act. The purpose is to provide full employment, welfare and prosperity of the Citizens.

Galveston is authorized to create a corporation to provide for economic development by Section 4A. This section places limitations on the use of the corporation's revenues. Subsection (b) limits expenditures for promotion to ten (10%) of the corporation's revenues. Subsection (f) allows the expenditures of the revenues for payment of principal, interest and expenses related to the corporation's bond issues. Sub section (i) prohibits the undertaking of a project the primary purpose of which is to provide transportation facilities, solid waste disposal facilities or air or water pollution control facilities. Such facilities may be included in a project which has another primary purpose. The project may be to provide transmission and treatment facilities connected with a municipality owned or operated water supply or sewage system. The project may provide an airport if it is in conjunction with an industrial park and may provide for port facilities.

The City's four proposed projects (Drainage & Streets, Sanitary Sewers, Economic Development, & Beach Renourishment) are eligible activities under Article 5190.6.

NOVEMBER 2, 1993 ELECTION

OFFICIAL BALLOT

FOR

AGAINST

PROPOSITION NO. 1

SHALL THERE BE ADOPTED A SALES AND USE TAX FOR THE PAYMENT OF BONDED INDEBTEDNESS FOR DRAINAGE AND STREET IMPROVEMENTS AT A RATE OF ONE-EIGHTH OF ONE PERCENT TO BE IMPOSED FOR 15 YEARS?

FOR

AGAINST

PROPOSITION NO. 2

SHALL THERE BE ADOPTED A SALES AND USE TAX FOR BONDED INDEBTEDNESS FOR EPA MANDATED AND WEST-END SANITARY SEWER SYSTEM IMPROVEMENTS AT A RATE OF ONE-EIGHTH OF ONE PERCENT TO BE IMPOSED FOR 30 YEARS?

FOR

AGAINST

PROPOSITION NO. 3

SHALL THERE BE ADOPTED A SALES AND USE TAX FOR ECONOMIC DEVELOPMENT INCENTIVES REQUIRING THE EXPENDITURE OF \$2.50 FOR EACH \$1.00 OF ASSISTANCE, ONE NEW PERMANENT JOB FOR EACH \$10,000 OF ASSISTANCE, AND FIFTY PERCENT OF NEW EMPLOYEES MUST BE HIRED FROM GALVESTON RESIDENTS FOR NEW AND EXPANDED ENTERPRISES AT A RATE OF ONE-EIGHTH OF ONE PERCENT TO BE IMPOSED FOR 10 YEARS?

FOR

AGAINST

PROPOSITION NO. 4

SHALL THERE BE ADOPTED A SALES AND USE TAX FOR BONDED INDEBTEDNESS FOR BEACH RENOURISHMENT FROM 10TH STREET TO 61ST STREET AT A RATE OF ONE-EIGHTH OF ONE PERCENT TO BE IMPOSED FOR 15 YEARS?

III.A. Major Drainage & Street Reconstruction

Currently there are **269.54** miles of streets and **75** miles of storm drains within the City limits.

Presently, there is over **\$50** million in needed **major drainage** reconstruction work on Galveston Island.

In 1987, the City implemented and continue to operate a Street Resurfacing Program that has paved over 115 miles of streets to date. However, this figure does not include major street reconstruction. Street improvements are a priority of City Council with \$800,000 budgeted in FY'93 and \$750,000 earmarked in FY'94 Budget.

Therefore, the proposed sales tax is not intended to reduce the budget allocation but if approved by the voters will permit the City to address **major drainage & street** projects.

A maximum of 15 years is proposed to permit the issuance of \$4 million in revenue bonds. The **specific projects** to receive funding are:

Avenue Q from 45th to 57th Storm & Street	\$ 404,000
25th from Avenue A to Seawall Blvd. Storm & Street	400,000
45th from Avenue J to Seawall Blvd. Storm & Street	300,000
Stewart Road Street from 69th to 99th Widening & Reconstruction	500,000
Avenue H from 26th to 46th Street Storm & Street	600,000
Holiday Drive Street Reconstruction Avenue A to Seawall Boulevard	200,000
Avenue K from 43rd to 57th Street Storm & Street	400,000
West End Street/Drainage Reconstruction Sea Isle, Terramar Beach, Bay Harbor, Spanish Grant and Bermuda Beach	800,000
TOTAL	\$ 4,000,000

III.B. Sanitary Sewer Improvements

Currently there are 140 miles of sanitary sewers within the City limits including 5 treatment plants. The average daily flow in gallons is 9,880,050 gallons. The annual operating sewer budget is \$5,789,804.

The City of Galveston has been under an **EPA Administrative Order** to perform **Inflow and Infiltration Study** of our wastewater collection system. The City is scheduled to approve the hiring of Camp, Dresser, and McKee engineering firm to perform said study at a cost of **\$1.3 million** during its regular meeting of October 14, 1993. The study will take a minimum of 2.5 years to complete. Funds for the study are budgeted in the City's FY'94 Budget over the next two years. It is staff's estimate that approximately **\$15 million** in sewer repairs will be identified and required to be corrected.

Also, three years ago, the west end residents petitioned the City, to provide wastewater facilities to existing developments at Sea Isle, Terramar Beach, Bay Harbor, Spanish Grant and Bermuda Beach Subdivision. The City's Engineering Department study estimated it would cost a minimum of **\$10 million** to provide these services.

The Utilities Department has identified serious problems with the transmission line on Port Industrial Boulevard from 34th Street to the Main Treatment. It is critical that this project be implemented as soon as possible because the existing line is constructed of concrete and over the years, hydrogen sulfide, or "sewer gas", has attacked the concrete in the upper portion of the pipe to the extent that the top pipe has virtually disappeared. To replace this transmission line will cost **\$4 million dollars**.

Therefore, the 1/8 cent sales tax proposal for sanitary sewer improvements is being sought to minimize sewer rate increases which are paid by businesses and residents.

If approved by the voters, this tax will be in place for **30 years** in order to support the issuance of \$8 million in bonds for the following projects:

1. Replacement of the Port Industrial Blvd. transmission line from 34th to 51st	\$ 4,000,000
2. West End Sewer Expansion Work Sea Isle, Terramar Beach, Bay Harbor, Spanish Grant, & Bermuda Beach	4,000,000
Total	\$ 8,000,000

Questions have been raised regarding why can't these improvements be funded in the City's annual Sewer System Enterprise Budget.

Currently there is an unencumbered balance of \$800,000 in FY'93 and \$650,000 during FY'94 Budget Year. However, **projects that must be implemented in FY'94 are:**

Belt Press, Main Treatment Plant	\$ 350,000
33rd Street Sanitary Sewer/Drainage	43,340
Main Treatment Plant - Drying Bldg.	200,000
Cleaning Machine for I&I Study	180,000
I&I Study Engineering services payment	550,000
General repairs & maintenance	125,000
Total expenses	\$ 1,448,340

Sufficient funds are not available in the current or future City budgets to undertake the EPA mandated I&I Study at \$1.3 million, replace the main transmission line on Port Industrial Boulevard estimated at \$4 million, make repairs to the Main Treatment Plant estimated at \$550,000 and begin to eliminate the west end septic tanks totaling \$10 million.

Therefore, the 1/8 cent sales tax for sanitary sewer projects is only proposed to minimize the impact of sewer rate increases.

III.C. Economic Development Incentive Program

The City is seeking voter approval of an economic development program to create new jobs, expand existing businesses contingent upon the private sector guaranteeing:

1. To spend at least 2.5 dollars for every 1 dollar of public funds received;
2. To create one new permanent job for every \$10,000 in public funds received;
3. To hire at least 50% of its new employees from Galveston residents.

The program is designed for projects that are ready to go. Construction must start within six months of the City's commitment.

No revenues bonds would be issued. A **10 year limit** would be imposed on this program. After two years, the City Council will examine the effectiveness and seek to repeal this 1/8 cent tax if the program is determined to be ineffective.

The economic incentive program is designed after the U.S. Department of Housing & Urban Development's Urban Development Action Grant Program (UDAG). The City received over \$13 million in grant funds that generated or caused \$98 million in new private development and the creation of 1,200 new permanent jobs. Some of the UDAG projects funded were:

	UDAG Grant	Private Funds
1. San Luis Hotel Project	\$ 1,500,000	\$ 20,000,000
2. Tremont House Hotel	1,000,000	14,000,000
3. Shearn Moody Plaza	1,500,000	10,000,000
4. Galvez Hotel	1,300,000	9,400,000
5. Moody Gardens Phase II	500,000	5,000,000
6. Strand Harbor House	900,000	9,000,000
7. Opera House	800,000	2,000,000
8. Mechanic/Strand Projects	950,000	15,000,000

If the 1/8 cent sales tax is approved, some of the **potential projects** City staff will present for funding consideration (**at this time**) are:

Galvez Mall Redevelopment
Pier 19 Area Development
Jean Lafitte Hotel Redevelopment

It is felt that a minimum of 800 new jobs will be created. Staff has been working with the developers on these three projects over the past four months.

III.D. Beach Renourishment

The Galveston Chamber of Commerce, the Park Board of Trustees, and the Galveston City Council have been working together over the past 18 months to implement a beach replenishment project.

If the voters approve this 1/8 cent tax, Phase I consists of placing 715 cubic yards of sand on the City's beaches from 10th Street to 61st Street. This would provide an average beach width of 150 feet from the seawall. The construction cost is estimated at **\$4 million**.

The Park Board of Trustees and the City of Galveston has hired the firm of Coastal Planning & Engineering, Inc. of Florida to provide the technical expertise and prepare the final detailed specifications.

The project is ready to go. The Park Board and City Council has pledged first year funding from the Hotel/Motel Tax, however, the 1/8 cent tax if approved by City Council would be used to pay the debt service of the bonds issued by the Texas Water Development Board. The **maximum** time frame needed to pay this debt service is **15 years**.

It is felt that the beach renourishment project will benefit the tourist industry, hotels and local residents if passed.

COASTAL PLANNING & ENGINEERING, INC.

COASTAL & OCEAN ENGINEERING
COASTAL SURVEYS
BIOLOGICAL STUDIES
GEOTECHNICAL SERVICES

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12,600.00

July 23, 1993

Kathi L. Flowers, P.E.
Director of Public Works
City of Galveston
823 Rosenberg
City Hall
Galveston, Texas 77550

RE: Beach nourishment Preliminary Design Report

Dear Kathi:

Enclosed are three copies of the Preliminary Design Report, City of Galveston Beach Nourishment Project.

The study indicated that the placement of 715,000 cubic yards of sand on the beach would provide an average beach width of 150 feet from the seawall, between 10th Street and 61st Street. Our model of that fill indicated that the restored beach will have a relatively slow erosion rate. It will lose about 110,000 cubic yards of sand over seven years and the beach width will average about 140 feet. There are two higher eroding areas, based on the model results, in which we recommend placing a wider beach initially to partially offset these losses. These areas, located in the two groin compartments west of 10th Street and in the vicinity of 51st Street, will still not maintain as wide a beach after seven years as the other areas. However, shifting additional fill to these areas (beyond that recommended) is not warranted at this time due to the limited fill quantity. Future solutions could include placing more fill or constructing groins.

Project costs are estimated to be \$4,070,000 for construction of the 150 foot wide project including our engineering costs plus additional recommended surveys of the beach and the Boddecker Channel borrow area design. A smaller 135 foot wide beach could be constructed for a total cost estimated to be \$3,432,000, including engineering and additional recommended services.

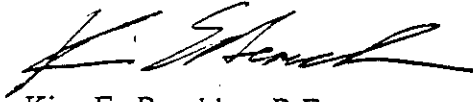
We recommend the City move forward into final design and authorize the additional surveys and Boddecker Channel borrow area design as part of the final design. The recommended plan is the 150 foot wide (average) beach between 10th Street and 61st Street.

12,600.00
July 23, 1993
Page 2

Tom Campbell is planning to present the results on Wednesday, July 28th to the City and Beach Renourishment Committee. If you have any questions please call me or Tom.

Very truly yours,

COASTAL PLANNING & ENGINEERING, INC.



Kim E. Beachler, P.E.
Vice President

GLV02:12600.204

cc: Tom Campbell

ECONOMIC DEVELOPMENT FOR THE CITY OF GALVESTON THROUGH THE URBAN DEVELOPMENT ACTION GRANT PROGRAM



The purpose of the Action Grant program is to revitalize our distressed cities by stimulating economic development, which in turn will create new permanent jobs and net new tax revenues.

Action Grants are highly flexible and grant money can be used in virtually any way provided it is causing new private development for jobs and taxes and is not resulting in the relocation of jobs from one distressed city to another. For example, grants may be used for public infrastructure (water, sewer, streets, underground utilities); parking relocation; demolition; land acquisition; equipment; interest subsidies on loans; and subsidies to developers for extraordinary cost, real property improvements and certain fixed equipment.

Description

The cities are the applicants and recipients of Action Grants. A city may apply for as many Action Grants as it has real development opportunities. Grant decisions are based on the merits of the application and not a geographic distribution of grant funds.

The Action Grant program leans toward projects that are "ready to go". Generally, projects are expected to start construction within 6-12 months of preliminary award.

No additional Action Grant funding will be provided in subsequent years for a project approved earlier.

The major prerequisites to preliminary grant approval are:

1. clear demonstration that the Action Grant is causing the private development;
2. a firm private commitment to develop, subject only to the award of a UDAG;
3. a firm financing commitment;
4. a commitment for equity money, as appropriate;
5. a commitment for any other public money required to complete the project;
6. explanation of how land is controlled; and
7. generally, the grant must not cause relocation of jobs from one distressed Metropolitan area to another.

In summary, a firm commitment to develop and a financing commitment are absolute prerequisites to preliminary approval. Demand for Action Grant funds is so great that an application requesting approval conditioned on assessing the project feasibility or satisfactory financing will not be considered.

Application Process

The Action Grant process consists of six (6) steps:

- Step 1. City is designated as "distressed" based on Census and Labor statistics. Generally, the standards of distress examine per capita income, population lag/decline, age of housing, poverty, employment, and job lag/decline of a city.
- Step 2. City submits application to HUD Area Office, sixty (60) days prior to the quarterly national competition for preliminary approvals. Materials are forwarded to the Action Grant Office along with the Area Office's review. Decisions are made for metro cities on January 1, April 1, July 1 and October 1 of each year. Generally, supplemental material will be accepted by the Action Grant staff during the period an application is under review.

Prior to submission of an application, public hearings and other citizen participation must take place. Also, the city must submit its proposal to A-95 Clearing-houses, which review the city's application for consistency with state, area wide and local plans.

- Step 3. Preliminary Award, which is preliminary grant approval.
- Step 4. Grant agreement between city and HUD, which sets forth conditions precedent to the release of grant funds. Basically, the grant agreement requires the various participants in the project to submit legally binding commitments, in which they agree to perform the activities represented in the application. The commitments include the developer's agreement to develop a specific project, invest \$ XX, on a specific schedule, and binding financial commitments for all money required to complete the project.
- Step 5. Funding - grant funds are released after the city and HUD executes the grant agreement, all necessary environmental approval are obtained, and legally binding commitments have been received and approved by HUD. No Action Grant funds are released for a project until the private sector is legally bound to complete a development project and has executed commitments on all sources.

Selection Criteria

The following are the criteria for the award of Action Grants:

1. Relative distress of the city;
2. Private leverage - ratio of private investment dollars to Action Grant dollars. The national average is ~~\$10.1~~ due to competition for Action Grant funds, a ratio of less than 2½ to 1 is not considered for funding;

MEMORANDUM

TO: Douglas W. Matthews
City Manager

FROM: *LF* Kathi Flowers, Director
Public Works

DATE: September 8, 1993

SUBJECT: Port Industrial Sanitary Sewer Project
Proposed Replacement

The Public Works Department is preparing construction plans to replace the Port Industrial sanitary sewer. This line conveys all wastewater flow to the City's main treatment plant. The service area includes all of Galveston between East Beach and about 57th. Street.

The proposed replacement project extends along Old Port Industrial Road from the treatment plant to 34th. Street. The project is illustrated on the attached Figure 1.

The existing line is constructed of concrete. Over the years, hydrogen sulfide, or "sewer gas", has attacked the concrete in the upper portion of the pipe to the extent that the top of the pipe has virtually disappeared. Repairs have been necessary due to cave-ins where the top of the pipe has collapsed.

The portion of the existing sewer line between 41st. Street and 50th. Street is located in property owned by Southern Pacific Railroad Company. This area is not accessible to City crews to make repairs, if necessary. Stockpiles of rock exist over the sewer line. A cave in in this area could result in a major service interruption to a large portion of the City.

Finally, the capacity and elevation of the existing line is such that backups occur in the 33rd. Street main during periods of high flow.

The proposed replacement line will follow Old Port Industrial Road where it will be accessible for maintenance. The line will be constructed of pipe which is resistant to attack by hydrogen sulfide.

In addition, the size and depth of the interceptor will be increased in order to eliminate backups in the 33rd. Street main.

A preliminary estimate of the cost of the proposed Port Industrial Sanitary Sewer is shown in Table 1.

TABLE I

PRELIMINARY COST ESTIMATE TO REPLACE PORT INDUSTRIAL
SANITARY SEWER FROM 34TH STREET TO TREATMENT PLANT

<u>ITEM</u>	<u>QUANTITY</u>	<u>UNIT PRICE</u>	<u>TOTAL</u>
60 Inch Sanitary Sewer	2300 L.F.	350.00	805,000.00
54 Inch Sanitary Sewer	4800 L.F.	300.00	1,440,000.00
36 Inch Sanitary Sewer	200 L.F.	150.00	30,000.00
Manholes	12 Ea.	5,000.00	60,000.00
Drainage Conflict Structures	3 Ea.	40,000.00	120,000.00
Bore Under R.R. Track for 36 Inch Line	70 L.F.	660.00	46,200.00
Bore Under R.R. Track for 54 Inch Line	120 L.F.	1,500.00	180,000.00
Bore Under R.R. Track for 60 Inch Line	150 L.F.	1,800.00	270,000.00
Railroad Track Crossings by Open Cut	10 Ea.	10,000.00	100,000.00
Trench Safety	7500 L.F.	4.00	30,000.00
Well Points	7500 L.F.	15.00	112,500.00
Concrete Pavement Repair	3800 S.Y.	45.00	171,000.00
Asphalt Pavement Repair	1000 S.Y.	25.00	25,000.00
Curb	700 L.F.	5.00	3,500.00
High Slump Concrete to Fill Existing Line	3650 C.Y.	65.00	237,250.00
		SUBTOTAL	\$ 3,630,450.00
		CONTINGENCIES (10%)	363,000.00
		TOTAL	\$ 3,993,450.00

TABLE 6

PRELIMINARY COST ESTIMATE
FOR WASTEWATER FACILITIES
TO SERVE EXISTING DEVELOPMENTS
ON THE WEST END OF GALVESTON ISLAND

<u>SUBDIVISION</u>	<u>COLLECTION SYSTEM</u>		<u>TREATMENT PLANT</u>	
	<u>CONSTRUCTION</u>	<u>ENGINEERING</u>	<u>CONTINGENCIES</u>	<u>TOTAL</u>
SEA ISLE	\$3,084,520.	\$308,000.	\$308,000.	\$3,700,520.
TERRAMAR BEACH SECTION 2	599,470.	59,900.	59,900.	719,270.
BAY HARBOR	1,461,510.	146,000.	146,000.	1,753,510.
SPANISH GRANT (NORTH)	1,102,835.	110,280.	110,280.	1,323,395.
BERMUDA BEACH	410,010.	41,000.	41,000.	492,010.
	<u>\$6,658,345.</u>	<u>\$665,180.</u>	<u>\$665,180.</u>	<u>\$7,988,705.</u>
				<u>\$2,054,500.</u>
				<u>\$10,043,205.</u>

Tax plan targets variety of projects

From staff reports

GALVESTON — Galveston voters will decide on four sales tax proposals Nov. 2 that would fund projects ranging from mundane sewer repairs to a plan to save Galvez Mall and revamp the old Jean Lafitte Hotel.

Voters will be able to cast a vote on each of the proposed increases of

• Projects detailed — Page 9-A.

one-eighth of a cent on the sales tax. The passage of all four would add a half-cent to the sales tax in Galveston.

Each tax would generate about \$500,000 a year, meaning the city would collect \$2 million annually if all four pass.

The sales taxes would fund these projects:

- An urban renovation and job development program.

City Manager Doug Matthews unveiled a proposal to save Galvez Mall, restore the Jean LaFitte Hotel and revamp Pier 19. Matthews estimates the renewal will mean a minimum 800 new jobs over the next two years.

- Beach reconstruction.

The revenue would be used to float a \$4 million bond issue to put 300 feet of sand on isle beaches from 10th to 61st streets.

- Major street and drainage repairs.

The revenue would pay off a \$4 million bond issue for street and drainage projects that city officials say have been deferred for years.

- Sewer expansion and repairs.

Revenue would be used to fund an \$8 million bond issue for sewer work. The Environmental Protection Agency has given the city a deadline for concluding a study of its sewer system.

Sales tax hike could save mail

By MAGGIE SIEGER
The Daily News

GALVESTON — Galveston voters will have a chance to save the Galvez Mall Nov. 2.

City Manager Doug Matthews unveiled a proposal to save the mall, restore the Jean LaFitte Hotel and redo Pier 19. Matthews estimates the renewal will mean a minimum 800 new jobs over the next two years.

"These projects are ready to go, if the money was in place," Matthews said. "I have been negotiating with a developer for the Galvez Mall and another local developer who would like to do something with the Jean LaFitte. Pier 19, the shrinking pier, would be a joint venture with George Mitchell."

All it takes to put the plans into action is voter approval of an

eighteenth-cent sales tax increase for economic development.

Revenue from the increase — about \$500,000 annually — will be used to provide economic development incentives to attract new businesses and help others expand.

To receive the money, a business would have to meet several requirements, Matthews said.

A business would have to guarantee to spend \$2.50 for every public dollar it received; create one new permanent job for every \$10,000 it received; and hire at least 50 percent of its new employees from Galveston.

The city manager's plan is designed to follow guidelines established for a now-defunct federal program. Some \$13 million in Urban Development Action Grants was pumped into Galveston during

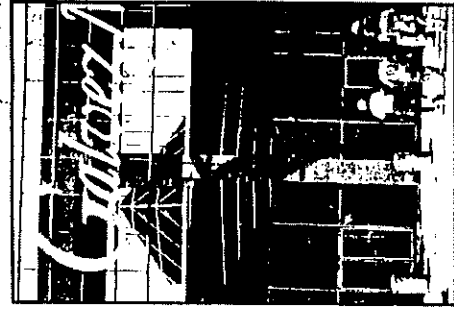
ing the 1980s, amounting for \$98 million worth of new private investment in the island and more than 1,000 new jobs, Matthews said.

Those grants helped:

- Build the bridge to Moody Gardens over Lake Madeline.
- Build the San Luis Hotel.
- Renovate the Hotel Galvez and Tremont House.
- Restore Shearn Moody Plaza.
- Renovate six other downtown buildings.

"It's a proven way to spur economic development," Matthews said. "It has already worked and can continue working."

The sales tax would have a 10-year maximum life. The council has agreed to reevaluate it in two years and work to repeal the tax if it is not working.



Shoppers enter the Galvez Mall, one beneficiary of a proposed economic development program.

Beach reconstruction called key to island economy

By MAGGIE SIEGER
The Daily News

GALVESTON — Putting sand on island beaches from 10th to 61st streets has been called the most important economic development issue facing Galveston.

As such, the City Council will ask voters to approve an eighteenth-cent sales tax increase Nov. 2 to fund the project.

If approved, the eighth-cent will raise about \$500,000 annually. The money will be used to repay a \$4 million bond issue. The issue, and tax, will have a maximum 15-year life.

State Rep. Mike Martin, a proponent of the new beaches, said

jobs."

The aesthetic and environmental benefits also cannot be overlooked, Martin said. A study done several years ago concluded Galveston's lack of a scenic view in front of the island was the No. 1 drawback to economic development, he said.

"With new beaches we have perhaps the best opportunity ever for economic development along the seawall," he said. "If there is economic development, that means that by investing an eighth-penny in taxes, we get back an expanded tax base through new property taxes and sales taxes — and increased

Galveston will reap significant benefits from the small tax. He called it an investment in the future.

"Number one, if we put 300 feet of new beach in front of the seawall, we'll generate a great deal of national publicity," Martin said. "Two, it will give Galveston the opportunity to give a completely new twist on its advertising."

The majority of the seawall has no beach in front of it. When there

Street repairs long delayed

GALVESTON — Street and drainage projects that would be funded by a sales tax increase have been deferred for many years, leading to flooding problems any time it rains, said Mayor Barbara Crews.

Streets awaiting repairs:

- Avenue C from 45th to 53rd streets.
- 25th Street from Avenue A to Seawall Boulevard.
- Avenue H from 26th Street to 46th Street.
- Holiday Drive from Avenue A to Seawall.
- 45th Street from Avenue J to Seawall.
- Avenue K from 38th Street to 51st Street.
- Stewart Road from 69th Street to 99th Street.
- Sea Isle, Tamarac Beach, Bay Harbor, Spanish Grant and Bermuda Beach.

If tax fails, rates go up

GALVESTON — Environmental Protection Agency mandates spurred the City Council to ask voters to approve a sales tax increase for sanitary sewer improvements.

The EPA has given Galveston a maximum of four years to conclude a study of its sanitary sewer system. Preliminary estimates indicate the study alone will cost almost \$2 million.

City Manager Doug Matthews said the EPA is pressuring the city to come up with a plan of action detailing how the study and improvements will be done.

If voters do not approve the sales tax for the sewers, Matthews said a 4.5 to 5.0 percent sewer rate increase will be necessary to cover the costs.

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