



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Tuesday, November 10, 2020

5:00 PM

Council Chambers
200 West Walker Street

Council Work Session

The City Council of the City of League City, Texas, met in a work session in Council Chambers at 200 West Walker Street on the above date at 5:00 p.m.

Mayor:

Pat Hallisey

City Council Members:

**Andy Mann
Hank Dugie
Larry Millican
Todd Kinsey
Greg Gripon
Chad Tressler
Nick Long**

City Manager:

John Baumgartner

Assistant City Manager

Bo Bass

Assistant City Manager

Michael Kramm

City Attorney:

Nghiem Doan

City Secretary:

Diana M. Stapp

Chief of Police:

Gary Ratliff

Executive Director of Development Services

David Hoover

Director of Budget/Project Management

Angie Steelman

Director of Engineering:

Christopher Sims

Director of Finance:

Kristine Polian

Director of Human Resources/Civil Service:

Janet Shirley

Director of Parks & Cultural Services:

Chien Wei

Director of Public Works:

Jody Hooks

1. **CALL TO ORDER AND ROLL CALL OF MEMBERS**

Mayor Hallisey called the meeting to order at 5:00 p.m. and called the roll. All members of Council were present. Council Member Mann arrived at 5:49.

Present 8 - Mayor Pat Hallisey, Mr. Andy Mann, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon, Mr. Chad Tressler and Mr. Nick Long

2. PRESENTATIONS

- 2A. 20-0549** Presentation and discussion regarding a request for partnership funding for the Bay Area Coastal Protection Alliance financial study related to a regional coastal barrier system (City Manager)

Michel Bechtel, Mayor of Morgan's Point gave a presentation:

Hurricane Ike: Large Category 2 Storm

The Ike Dike strategy is to keep the ocean surge out of Galveston Bay by a gated coastal barrier. The study has been from the Sabine River down the Upper Texas Gulf Coast. Primarily concerned with High Island to the San Luis Past and includes the Galveston Seawall, Bolivar Road and the gate system at the Houston Ship Channel.

Major milestones for development of the Coastal Texas Study

The Estimated Project Schedule has the project past the Draft Environmental Impact Statement, with the Final Environmental Impact Statement complete in the Fall of 2020 and Record of Decision in 2021. Design is anticipated to last 2-5 years after authorization for Congressional appropriations. Construction is anticipated to last 10-15 years dependent on Congress. The project has a projected minimal lifespan of 50 years. There will be a number of public meetings, primarily virtual, November 16, December 3, December 8, two times a day, for the public to view the United States Army Corps of Engineers' plans for the project. We are at approximately 35 percent of the actual design of the project.

Gates at the Ship Channel entrance will be a double gate system instead of a single gate with three islands in the middle of the channel for shipping traffic.

Beach and Dune System Components – 250 feet of beach to be added in front of the vegetation line, and construction of two-dune sand dune system at the vegetation line. More information is available online at coastalstudy.texas.gov.

Proposed Galveston Ring Barrier – The proposed barrier consists of 10 miles of floodwall, 32 two-lane road closures, 4 railroad closures, 0.87 miles of combi-wall at Offatts Bayou, 1,383 feet of environmental circulation gates, six pump stations, 16 drainage structures, nine access gates and two navigation gates.

When you get down to the Galveston Bay, 52 miles from High Island to San Luis Pass that we're concerned with, realistically you're looking at \$10 to \$12 billion.

Three Scenarios:

- **Federal Funding** that we've been going for the last 12 years, under the CORP process it's a 65% Federal, 35% local matching funds breakdown on the project. At \$10 billion you are looking at \$3.5 billion we have to come up with on our end.
- **Texas Preferred Plan** – Additional items above what is approved in the CORP plan will be on Texas' tab, those costs are in addition to 35% local share approved by Congress.
- **No federal funds.**

What can we do on our own, the State of Texas?

- **Using Insurance-Linked Finance for Coastal Protection**
- **Resilience Bonds** – New concept for alternative funding. Form of catastrophe bond linked to insurance premiums to the resilience projects.

Benchmarking Value At-Risk: Dow Freeport (today)

- **Liability**
- **Business Interruption Revenue Losses** - \$11.2 billion in annual revenue from Dow's Freeport facilities (Dow 2017 SEC filings report global sales of \$56 billion. The Freeport site produces 20% of Dow's global product sales)
- **Property Damage** - \$4.6 billion replacement cost for Dow Freeport facilities (Estimate from Dow 2017 SEC filings)
- **Deductible (retained risk)** - \$50 million per facility (Insurance industry estimate)

Benchmarking Value At-Risk: Dow Freeport (after we build the barrier, lower the risk)

- **Insurance Savings / New Project Capital** – value of increased coastal protection.
- **Liability**
- **Business Interruption Revenue Losses**
- **Property Damage**
- **Retained Risk**

Using a Resilience Bond to Capture Value:

Resilience Bonds are one way that local governments can move quickly to fill these match requirements and potentially generate additional resources for even greater investment in local priority initiatives. A Resilience Bond is a variation on a Catastrophe Bond. These bonds are insurance contracts (not municipal bonds) that link insurance coverage with risk-reduction measures to monetize avoided losses – such as, reduced business disruption. The resulting savings can serve as a source of predictable funding which

communities can proactively invest in projects that strategically reduce risk.

Getting the right partners to the table

Cast Study – Port of Calais (France) – Meridiam partnered with the Port Authority to develop, finance and deliver one of the major port investments of the last decade in France. Without efficient structuring, the new Port of Calais might never have been funded. One of the largest public-private investments in the French port sector. An innovative partnership based on close public-private cooperation. Highly efficient private funding structure – unique in the sector. A pioneer solution to long term resiliency procurement.

Could this work for Houston?

3. PUBLIC COMMENTS

4. ADJOURNMENT

At 5:58 p.m. Mayor Hallisey said there being no further business, this meeting is adjourned.

**PAT HALLISEY
MAYOR**

**DIANA M. STAPP
CITY SECRETARY**

(SEAL)

MINUTES APPROVED: February 9, 2021