

## **Special Assessment District**

The Port of Galveston is exploring the concept of the formation of a Special Assessment District to fund future projects. These projects could include channel dredging, security and maintenance of facilities.

Any special assessment would apply to public and private entities that realize a benefit from a specific project. The assessment would not be an ad valorem tax and would most likely be implemented on per-project basis. The amount of any assessment could not exceed the value of any benefit gained from the project.

"There are projects that the Port is obligated for that require substantial funding," stated Steve Cernak, Port Director. "Channel deepening to 45 feet is one of these projects. The window of opportunity is closing for this important project. As the local sponsor, the port is responsible for providing the matching funds for dredging projects, which are handled by the Army Corps of Engineers. Local share costs for channel deepening is estimated to be \$5 million.

"Any channel front property that directly benefited from deep water could be assessed to provide a revenue stream to support this project, which is very important for future port competitiveness and the Port's role as an economic catalyst for the City of Galveston, continued Cernak. "It is important to note that the Port itself would be assessed since the Port would gain benefit from the project. The Port would treat this as an operating expense as the assessment district would provide the financing for the project.

"The Assessment District, based on the guaranteed revenue stream generated by the Special Assessment, would have access to more favorable financing rates, concluded Cernak. This would allow the Port to spend its limited resources more effectively as the Port is redeveloped."

Legislation is contemplated that would create an assessment district based on boundaries starting at the intersection of the Houston, Texas City and Galveston Channels on the east; continues northwest along the Texas City Ship Channel to a point in the Bay at the north boundary; expands southwest to the Railroad Causeway Bridge for the east boundary; then follows the railroad tracks to Harborside Drive; and continues the north side of Harborside Drive to Ferry Road and back to the point of beginning. It excludes all residential properties.

"The Port of Galveston is the only port in the state of Texas that does receive tax support from the local community," added Cernak. "The Port operates as a private business, using net profit to fund long-term capital needs. Our current needs exceed our projected revenues significantly. All of the Port's income must come from our operations which include wharfage, dockage, lease-payments, parking and revenues generated from operations."