

From the Mayor's Desk:

This is the first of a weekly series of updates on Surfside Beach designed to keep the residents of our village "in the know". Please reach out to our department leaders for further information, as they are accountable for their department. As I mentioned in City Council meeting this week, this will take a village going forward. Meaning, help where you can share expertise or experience, support those who are doing volunteer positions to the best of their ability, and if you choose to stay on the sidelines...be a cheerleader for the team!

City Hall Organization:

City Hall will have a detailed organization chart posted on the website in the next 30 days. It will include department leaders, contact information, and key areas of responsibility. The website shall be the first stop for current Surfside Beach information, notices, and provide a roadmap to help everyone navigate to the proper area of responsibility and person in charge. Use this resource please.

- Department leaders will have clear accountability for specific people, assets(vehicles), budgets, and work responsibility. All Dept leaders Must be present at council mtg and report out monthly.
- Role clarity and department clarity will exist to ensure everyone knows who is accountable for what work/responsibility.
- Expectations: Everyone will treat people with respect, especially citizens. That said, I do not accept citizens treating City staff poorly. The golden rule will reign at City Hall and I expect everyone to correct bad behavior when they witness it. I see this village as a very large family and must not be dysfunctional in order to thrive.
- Handshake agreements made with past leaders will most likely not be honored unless they fall within our rules, procedures, guidelines, etc. All must be approved going forward.

There are 3 open replacement positions currently for the Village of Surfside Beach. A Tourism Director, a Utilities Clerk, and of course the Chief of Police. All of these roles are actively being recruited to be filled by Human Resources.

City HR policies and Procedures:

HR policies will be written or revised as needed to address and correct recent issues, prevent future issues, and most importantly inform all employees on expectations of employment. These policies will be created over the next 2-3 months and all employees will receive training to ensure that everyone understands expectations. The policies will be completed in this priority order:

- Complaints/Grievances

- Hiring & Firing
- Promotions & Demotions
- Performance Reviews and Merit Pay Increases

Public Utilities:

Council voted this week to increase the garbage fee by 3.8%, which matches the increase received from Waste Connections. This will take place in the next billing cycle.

Water from Freeport – Yes, Freeport City Council voted on Monday in favor of a halt to our water supply, effective in 90 days. Again, I covered this in Council Mtg, but let me summarize here. We made a move to use Freeport water supply in addition to our water wells to address the lack of water quantity needed to satisfy our massive influx during the summer tourism peaks. As most know, we jump from about 500 folks up to tens of thousands during the 4-5 months of high tourism. When that move was made over a year ago, we had estimated usage and costs to mix and supply the water to residents. That estimate set the water bill rates at that time. It turns out that those estimates were low on both usage and cost to supply. As a result we had been balancing our System Fund by cutting operating expenses. That will soon change as **we must increase the water bills** to match our real costs to operate. Based on the % of income shortfall from water bill collections, that increase should be expected to be around 15-20%. IMPORTANT: That increase **will be** calculated based on known data, those calculations **will be** made public, and that increase **will need to be** approved by Council. When Beryl hit us as hard as it did, we responded to clean, clear, and repair all the systems as quickly as our resources allowed. The massive Beryl expenses (over \$3.5 million so far) were not budgeted in our small village System Fund. Over the last 4 months while we wait for FEMA relief to pay those Beryl expenses, we have had difficulty keeping current on invoices, and in the case of Freeport water, had become significantly overdue in the amount of \$417,000. Speaking with Freeport leadership, we conveyed our plans to pay our bill and continue service. They do sincerely want to continue service to Surfside but need some firm commitment on repayment schedule. That 90 day decision is the first step to securing that agreement. Both parties are working together constructively to maintain supply and payments for supply. I appreciate Freeport for their efforts to work with us through this difficult time as we continue to heal from Beryl. **We will pay Freeport** and I fully expect to continue with Freeport water usage. Please understand, that we had operated without Freeport water before and can do so again, but we would rather not do that. If you would like more facts and information about this topic, please rely on City Hall and the Public Works Department for that information, or attend City Council meetings.....Facebook probably isn't the best source on this one!

Surfside Financials:

As mentioned (again) at Council Mtg, we have had \$3.5+ million in expense impacts due to Hurricane Beryl, as calculated by FEMA categories so far. We are working with FEMA on a very extensive list of damages, expenses, and losses and will be starting submissions to FEMA next

week. We expect to receive funds from FEMA based on these claims. However, FEMA only covers 75% of the costs of our claim. These FEMA funds will take a great deal of time to recover from the federal government to the Village of Surfside in order to pay our outstanding bills. Due to that fact, we are executing on a TX disaster relief fund initiated by Governor Abbott through TDEM & TCEQ. The loan from TCEQ Solid Waste Fund allows the Village of Surfside Beach to quickly (less than 1 month) gain access to funds equal to, or less than the amount we have claimed in Category A (Debris) with FEMA. Our amount will be about \$1.5MM and submitted next week to FEMA, which then starts the process with FEMA and this loan from TCEQ. The loan is interest free and will be repaid automatically from the funds that FEMA awards us at a much later date. We can use these TCEQ funds to pay for any expenses outstanding, not just debris (i.e. Freeport Water). This will be a big help, and we have to really thank the Governor for making this happen.

A brief comment to help educate everyone on our Funds. We operate under 4 separate funds. **General Fund** – our income here is primarily property & sales tax, and expenses are primarily city employees, PD, EMS, and insurance. **Systems Fund** – our income here is primarily water, sewage, and garbage bill while expenses are all things public works (water & sewer), including Freeport water bills. **Beach Fund** – our income here is Beach pass sales and the expenses are all things Beach. **IMPORTANT:** Beach Fund is restricted on uses of income. The GLO requires that we use those funds for Beach related expenses only. Lastly, **Hotel Fund** – our income here is the 4% hotel (AirBnb, etc. included) taxes, plus we receive 2% back from the State that is called 1915 funds. These expenses that the HOT & 1915 Funds can be used for are SEVERELY RESTRICTED. Texas Tax Code 351.101 (look it up!) outlines what the HOT funds can be used for. The 1915 funds category is reserved for coastal erosion projects. For example we would use 1915 funds if we can ever get the groins project to start (more to come on that topic in the future). If you hear that the Village of Surfside has millions of dollars in the bank, well, it's true however it is all in HOT & 1915 Funds which is very difficult to spend within the limits of the law. I strongly suggest that you look up tax code 351.101 and also 351.105 which applies to coastal communities like Surfside. Knowledge is power.

On another topic, the Department leaders will have monthly finance reports soon and will be accountable for tracking and managing expenses and income in some cases. This will be a core job responsibility.

Other items of interest:

The Chief and Courts have launched a warrant roundup effort to go after the outstanding warrants on the book, of which there is nearly \$400,000. If you have a warrant and need to pay it, I'd suggest that you take care of that business to avoid any further life complications.

I heard that there was some internet swirl last weekend concerning the sandcastle sculpturer's payment. There was indeed more than a decent amount of confusion about the late cancellation of which I accept the burden of blame, but in the end, everyone involved was paid in full. Expect to see her back next year with a wide beach and light breezes!

Here's to low tides, cooler temperatures, and beautiful sunrises. Have a great weekend and hope to see you around the Village.

Until next week, take care of yourselves and each other.

Thanks,

Zach