



Over the last several weeks there have been inquiries regarding the Council approved water rates. The intent of this letter is to provide amplifying information regarding water rates – the history, the mandates, and the developed approach.

- In 2017 the Village determined that there was a need for increasing the amount of water we need due to increases of new constructions, increases of visitors, and an increase of Short term rentals.
- Also during this time and through 2021, the Village received communications from the Texas Commission on Environmental Quality (TCEQ) regarding the diminishing quality of the water. With engineering support and research, it was determined that much like many coastal communities, the well water supply on the barrier island may slowly over time gain increasing sediments and/or particles that may decrease the quality of the water if it is not mixed with an off-island water source. This created a mandate for external water supply in order to meet state provided regulations.
- Given both strategic factors of meeting increasing demand and maintaining quality, the Village sought solutions while working with TCEQ, Texas Water Development Board, and local county water authorities and officials.
- In 2019 while building our solutions we aligned with State strategies in sustaining state-wide water resources. To that end, it was determined to tap into the Brazosport Water Authority (BWA). Of note, the BWA is known for quality water management and impressive equipment/technology funding as it works with State and Federal grants and other funding resources. The Village's use of BWA provided water ensures anticipating changes and advancement in water strategies for supply and quality.
- With engineering support and engaging area authorities, it was determined the logical point to tap into the BWA supply was at the Freeport Line. The City of Freeport graciously worked with our Village to solidify this key resource.
- From there, engineering solutions resulted in plans for the Intercoastal Canal Crossing project, building a water plant and water line improvements at the Swordfish plant, and completing the agreements for purchasing BWA sourced water from the City of Freeport.

- The construction bidding process was finalized with Alcott INC for the Intercoastal Canal Crossing for \$347,650.00 and the water plant and waterline improvements were awarded to Matula & Matula for \$1,099,981.90.
- To financially support these projects, the Village of Surfside Beach Secured a loan from TWDB.
- Before the project could start there was a delay due to a utility easement on private property. This was resolved but some of the necessary permits had to be resubmitted for approval. During this delay the construction pricing increased.
- Regarding funding of the project and the use of water, in accordance with State mandates for municipality budget management, the Village's "Water System Fund" is to support itself and any funds received can only be used on the water system. Meaning, it is unlawful to pull from other Village received funds, such as Hotel / Motel Tax, to pay for water infrastructure and use.
- Over the past 2 years, Village Elected Officials have discussed and have recently decided the adjustment for water rates to cover the repayment cost of infrastructure improvements and the cost of BWA-Freeport water. The Village researched water rate examples from other coastal communities and local area municipalities. Based on precedent set and applying it to our Village, City Council recently completed the water rate adjustments with a tiered approach. This is intended to take into consideration scaled utilization rates. Of note, the timing of this decision was also done to meet state mandates for the use of the TWBD provided loan and ensures we are within compliance with self-sustaining funds.