

**SANIBEL CITY COUNCIL REGULAR MEETING  
COUNCIL CHAMBERS (MacKenzie Hall)  
AUGUST 02, 2011**

**Greet and meet Margaret Gill upon her retirement**

Council invited staff and Sanibel residence to visit with Mrs. Gill at 8:30 a.m.

Mayor Ruane called the meeting to order at 9:00 a.m.

Members present: Mayor Ruane, Vice Mayor Denham, Councilman Congress, Councilman Harrity and Councilman Jennings.

Vice Mayor Denham gave the Invocation and led the Pledge of Allegiance

**PRESENTATION(S)**

**Proclamation recognizing Mike Henry for 25 years of service to the City of Sanibel and its residents**

Mayor Ruane presented a proclamation to Mr. Henry.

Council spoke to the work Mr. Henry did on behalf of the City during the aftermath of Hurricane Charley.

Ms. Zimomra noted that Mr. Henry worked himself to exhaustion during the aftermath of Hurricane Charley.

**Proclamation recognition of Margaret Gill for 21 years of service to the City of Sanibel and its residents**

Mayor Ruane presented a proclamation and Luc Century crystal to Mrs. Gill.

Mrs. Gill thanked the City staff.

Council spoke to Mrs. Gill always having a smile on her face.

**Presentation of the Finance Governmental Officers Association (GFOA) 2010 and 2011 Distinguished Budget Award to Sylvia Edwards, Finance Director and Frances Slane, Fiscal Analyst**

Mayor Ruane introduced Mr. Jim Lewin, Budget Analyst from Ft. Myers.

Mr. Lewin, Governmental Finance Officers Association (GFOA) Board of Directors. He spoke to the process of the budget award. He presented the award to Ms. Edwards, Finance Director and staff.

Council recessed at 9:18 a. m.

Council reconvened at 9:25 a.m.

**Planning Commission Report (Commissioner Holly Smith)**

There was no report.

**Public Comments**

Claudia Burns asked City Council to put on a future agenda for discussion and review of the cost of development long form and short form fees.

Mayor Ruane spoke to no relief provided as of yet for new residents with non-conforming structures and may consider including the above.

Karen Storjohann spoke to the need for an environmental component resort housing discussion on a future agenda. She also spoke to attaining the eco-tourism designation.

Ed Seibert spoke to oil drilling in the gulf. He further spoke to the most recent resolution from City Council to the then Governor Crist dealing with sovereign territory.

### **Council Comments**

Councilman Jennings spoke to representing the City at the Renewal Energy Conference on Captiva.

Vice Mayor Denham spoke to the service of military men and women abroad.

### **Second Read and Public Hearing**

**ORDINANCE 11-006 AMENDING THE CODE OF ORDINANCES, SUBPART B LAND DEVELOPMENT CODE, CHAPTER 126 ZONING, ARTICLE XVI PLANNED UNIT DEVELOPMENT, DIVISION 3 BAILEY'S SHOPPING CENTER PROPERTY, SECTION 126-1476 REQUIRED CONDITIONS, SUBSECTION (B) TO ESTABLISH A SPECIFIC SETBACK FOR BONUS OUTDOOR SEATS AND TABLES FOR THE RESTAURANT LOCATED AT THE NORTHWEST CORNER OF THE EAST PARCEL AND SUBSECTION (C) TO AMEND ON-SITE PARKING REQUIREMENTS; PROVIDING FOR CONFLICT AND SEVERANCE; PROVIDING FOR CODIFICATION; AND PROVIDING AN EFFECTIVE DATE**

Ms. Zimomra read the title of Ordinance 11-006.

Mr. Cuyler, City Attorney asked Pamela Smith, City Clerk to swear in anyone that wished to make comments.

Ms. Smith swore in the following persons:

Ray Fenton  
Jimmy Jordan  
Roy Gibson

Mr. Cuyler noted that Council had been briefed generally and today was the presentation of testimony and everyone was familiar with the property.

Roy Gibson spoke to the following:

- Draft Ordinance amending the development standards and requirements for Bailey shopping center Planned Unit Development (PUD)
- Planning Commission reviewed
- Page 2 provides
  - New standard providing for a required set-back for bonus outdoor seating and tables at the restaurant at the corner of Tarpon Bay Road and Periwinkle Way
  - Noted on the Amended Master Development Plan adopted by the Planning Commission on June 28, 2011
  - Required number on-site parking spaces providing 281 parking spaces
  - Part c 1b removes a required minimum of 24 spaces on the west parcel

Mr. Gibson further noted that the Planning Commission found the amendments to be in compliance with the Sanibel Plan.

Mr. Jordan spoke to the following:

- Required set back for outdoor dining was 100 feet
- Restaurant as located today did not meet the set-back
- PUD does state unless otherwise stated in the PUD one had to comply with all requirements of the code
- Outdoor dining a new component of the Land Development Code
- Amendments specific to property and adopted PUD

Discussion ensued regarding no further changes for the restaurant; Mr. Jordan stated the ordinance was to allow the restaurant to have out door dining and establishes the location of the outdoor dining, look at existing number of parking spaces, center did not conform with commercial floor areas, if re-developed today only allowed 10% and well over that amount, PUD recognizes the non-conforming uses and structures and the ability to enjoy other regulations afforded to other commercial users in the district without going through the variance procedure.

Vice Mayor Denham moved, seconded by Councilman Harrity, to adopt Ordinance 11-006 with recommendations as included in the ordinance.

Pubic Comment  
None

The motion carried.

### **Public Hearing for Solid Waste Assessment**

**RESOLUTION 11-068 OF THE SANIBEL CITY COUNCIL RELATING TO THE COLLECTION AND DISPOSAL OF SOLID WASTE, RECYCLABLES AND HORTICULTURAL WASTE, IN THE CITY OF SANIBEL; CONSTITUTING THE CITY'S ANNUAL RATE RESOLUTION AND RE-IMPOSING THE ANNUAL SPECIAL SERVICE ASSESSMENT TO FUND THE COLLECTION AND DISPOSAL OF SOLID WASTE, RECYCLABLES AND HORTICULTURAL WASTE AGAINST ASSESSED PROPERTY LOCATED WITHIN THE CITY OF SANIBEL FOR THE FISCAL YEAR OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012; APPROVING THE RATE OF ASSESSMENT; APPROVING THE SOLID WASTE ASSESSMENT ROLL; APPROVING COLLECTION OF ASSESSMENTS THROUGH THE UNIFORM METHOD OF COLLECTION (i.e. TAX BILL); AND PROVIDING AN EFFECTIVE DATE**

Ms. Zimomra read the title of Resolution 11-068.

Gates Castle, Public Works Director spoke to the following:

- Proposed rates reflect no increase in the collection cost
- Decrease in disposal rate by Lee County
- Increase in disposal rate in residential and decrease in commercial disposal rates
- 15% franchise fee included
- \$25 per ton disposal surcharge fee City collects included
- 3% decrease in residential rate
- Commercial curbside rate decrease by 2%
- Dumpster rate by 3.1 % decrease

- Staff recommendation that rates be adopted

Mr. Cuyler spoke to the following

- Last year created an annual recurring assessment district
- Fee on annual tax bill
- Every year City Council would be reviewing similar legislation
- Resolution deals only with residential rates
- Recommend adoption of Resolution 11-068 establishing residential rates put assessments for the tax bill
- Resolution 11-069 deals with Council sitting as the equalization board
- Request that Council authorize the City Attorney to add additional provision recognizing the adoption of residential and commercial rates

Councilman Harrity moved, seconded by Vice Mayor Denham, to adopt Resolution 11-068 and direct Mr. Cuyler to include language as mentioned above.

Discussion ensued regarding the assessment roll available and with no changes would be the final assessment roll, no vendor complaints, and Ms. Zimomra noted the contract was not being approved.

Public Comment

Claudia Burns asked the rate for residential pick-up.

Mr. Castle answered that the annual residential curbside collection rate would be \$280.38 decreased from \$289.06 including vegetation waste. He also noted that back door pick-up would be 368.32.

The motion carried.

**RESOLUTION 11-069 OF THE CITY COUNCIL OF THE CITY OF SANIBEL SITTING AS THE SANIBEL EQUALIZATION BOARD; EQUALIZING AND APPROVING A RECURRING ANNUAL SPECIAL SERVICE ASSESSMENT FOR THE COLLECTION AND DISPOSAL OF SOLID WASTE, RECYCLABLES AND HORTICULTURAL WASTE FOR ALL RESIDENTIAL DWELLING UNITS (DEFINED AS ONE THROUGH FOUR RESIDENTIAL DWELLING UNITS PER PARCEL) WITHIN THE CITY OF SANIBEL; EQUALIZING AND APPROVING THE RECURRING ANNUAL SPECIAL SERVICE ASSESSMENTS FOR FISCAL YEAR OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012; PROVIDING FOR THE CONFIRMATION, ADOPTION AND FILING OF A FINAL ASSESSMENT ROLL FOR SAME; PROVIDING FOR CONFIRMATION OF THE RECURRING ANNUAL SPECIAL SERVICE ASSESSMENT; AND PROVIDING AN EFFECTIVE DATE**

Ms. Zimomra read the title of Resolution 11-069.

Mayor Ruane moved, seconded by Councilman Harrity, to adopt Resolution 11-069.

Public Comment

None

The motion carried.

**CONSENT AGENDA**

- b. **RESOLUTION 11-070 APPROVING BUDGET AMENDMENT/TRANSE**  
**NO. 2011-038 AND PROVIDING AN EFFECTIVE DATE** (to transfer \$1,000 from the general fund's reserve for contingencies as approved by Council at the July 19, 2011 Council meeting to help fund the printing of a new alligator coloring book. This amendment does not increase or decrease the FY11 budget)
  - c. **RESOLUTION 11-071 APPROVING BUDGET AMENDMENT/TRANSE**  
**NO. 2011-036 AND PROVIDING AN EFFECTIVE DATE** (to transfer \$3,190 from ending fund balance to align the budget with additional costs contained in the low bid for canal trimming work. This amendment does not increase the FY11 budget)
  - f. **RESOLUTION 11-072 APPROVING BUDGET AMENDMENT/TRANSE**  
**NO. 2011-037 AND PROVIDING AN EFFECTIVE DATE** (to accept a \$500 donation from LAT for the Historical Museum and Village, Inc. This increases the FY11 budget by \$500)
- Ms. Zimomra read the titles of Resolutions 11-070, 11-071 and 11-072.

Mayor Ruane moved, seconded by Vice Mayor Denham, to adopt Resolution 11-070, 11-071 and 11-072.

Discussion ensued regarding not using acronyms and Ms. Zimomra answered that this was a private individual donation with LAT being the proper name.

Public Comment  
None

The motion carried.

- d. Approval of an engagement letter *first amendment to the October 7, 2008* between the City of Sanibel and LarsenAllen, LLC to perform the FY 2011/12 audit and authorize the City Manager to execute same

Mr. Cuyler noted the following:

- Take advantage to invoke the 2 one-year terms
- Approving an engagement letter for the upcoming fiscal year

Discussion ensued regarding the length of time working for the City, taking advantage of the 2 one-year extensions and then re-bid.

- a. Approval – June 07, 2011 minutes
- e. Award 2011 Bridge, Box Culvert and Water Control Structure Repairs contract to Wright Construction Group, Inc., in the amount of \$52,821.75 and authorize the City Manager to execute same
- g. Approval of a 48-month lease between the City of Sanibel and Xerox for a new Police Department copier piggybacking on the State of Florida Contract and authorize the City Manager to execute same

Mayor Ruane moved, seconded by Councilman Harrity, to approve Consent Agenda items a, d, e and g.

Public Comment  
None

The motion carried.

## **OLD BUSINESS**

### **Staff report and direction regarding the lighting and signage for the connectivity paths Dunlop Road Shared Use Path**

#### **Approval of type of lighting**

Ms. Zimomra spoke to the following:

- Past discussion regarding the alignment of the shared use path inter-connectivity
- Included lighting illumination and signage
- Staff provided 2 different lights for Council's review on city grounds
- Purpose of lighting was to give general trail direction
- Memo provided where the planning staff reviewed to lighting and their recommendation
- 1) concrete pillar; 2) metal hood

Gates Castle spoke to the following:

- Edge light more intense lighting
- Concern of planning staff was stone light was up-lighting – may not meet code requirement
- Metal lighting less expensive
- his recommendation being the concrete stone lighting due to maintenance

Discussion ensued regarding pricing and the metal lighting being less expensive, dimension of metal light 42 inches, concrete column would be less maintenance and no repainting, metal lighting would require painting, 10 year finished warranty, selection of lighting color, Mr. Castle answered, bronze, black, white and platinum bronze; bronze color being displayed, would vandalism be a problem, Mr. Castle stated both would hold up, which one would be sturdy and Mr. Castle stated that both were sturdy.

Councilman Harrity moved, seconded by Councilman Congress, to approve the metal lighting and color of bronze

#### Public Comment

Karen Storjohann spoke to colors.

Sonia Smith stated that she installed the metal lighting 15 years ago and they hold up.

The motion carried.

#### **Approval of signage design**

Ms. Zimomra showed City Council two samples of signage. She stated that staff recommended flat lettering and arrows pointing in the same direction on one side.

Mayor Ruane moved, seconded by Councilman Jennings, to accept staff's recommendation of flat lettering, color scheme and directional arrows on one side.

#### Public Comment

Doug Dietrich spoke to the raised lettering being difficult to read.

The motion carried.

#### **Approval of signage lighting**

Ms. Zimomra spoke to directional signs being illuminated.

Mr. Castle spoke to the following:

- 2 samples of down lighting attached to each signs

- 5 year warranty on the composite material lighting
- Both LED lights
- Recommendation of the composite lighting

Councilman Congress moved, seconded by Councilman Harrity, for the composite lighting and the color of bronze.

The motion carried.

## **Water Quality**

### **Preliminary analysis of first sampling results from dry season water quality sampling in and adjacent to Tarpon Bay**

Ms. Zimomra noted that Council directed staff for additional water quality sampling.

Council recessed at 10:26 a.m.

Council reconvened at 10:32 a.m.

Dr. Loflin spoke to the following:

- Variety of water quality sampling
- Most long-term
- Placement/replacement of culverts
- Increased flow and look at nutrient
- Human generated nutrients Dunes sub-division and golf course
- Found elevated nutrients right outside
- Could be run-off
- Weir not flowing for at least 2 years due to dry conditions
- Follow-up during the rainy season
- Amount of nutrients increase further out in Tarpon Bay

Discussion ensued regarding if there was a continued issue, working with golf course, improvements needed would be at the Dunes subdivision and golf course, nutrients going through an entire mangrove forest, which was working with the tidal flushing cycles, continued education was an initial action for the homeowners association and golf courses, any feed back from the golf course, have responded, began program, not fertilizing at waters edge, increasing plantings, better communication, staff changed, homeowners concerned, fish kills an indicator that something needs to be done, waiting for the rainy season assessment, any recent fish kills in area and Dr. Loflin answered nothing in recent months.

## **COMMITTEES, BOARDS, COMMISSION**

### **City Council Liaison to Planning Commission**

**August 09, 2011**

August 23, 2011

**September 13, 2011**

**September 27, 2011**

**October 11, 2011**

October 25, 2011

**November 08, 2011**

November 22, 2011

**December 13, 2011**

**Councilman Congress Report of 08/02/11 CC Meeting**

Mayor Ruane - **CANCELED**

**Councilman Jennings Report of 09/10/11 CC Meetings**

**Councilman Harrity Report of 09/20/11 CC Meeting**

**Councilman Jennings Report of 10/04/11 CC Meeting**

Councilman Congress

**Mayor Ruane Report 11/01/11 CC Meeting**

Vice Mayor Denham

**Councilman Harrity Report 12/06/11 CC Meeting**

## **BUDGET**

### **Discussion regarding compound and accumulated impact of City debt**

Ms. Zimomra spoke to the following:

- Continue to reduce overall expenses such as head count
- 110 employees currently from 141
- Pay down debt
- Maintain reserves
- Opportunity to continue the strategy
- Recommendation not pension versus sewer, but to work with both
- Draft budget includes \$2.5 million additional contribution above the required minimum for pension pay-off

Discussion ensued regarding Council objectives, looking at available funds, challenge was the rate of return, and investments reduced.

Ms. Edwards, Finance Director spoke to the following:

- \$44,762,000 in debt
- Annual debt service payment \$4.3 million
- \$10.5 million general government debt
- \$34. 1 million sewer debt
- Original debt service approximately \$67 million and paid down to \$44.7 million

Ms. Zimomra noted that the following debt was all voter approved:

- Pond Apple Park purchase
- Recreation Center construction
- Sewer construction

Ms. Edwards continued:

- 2006 Recreation Center bonds issues and debt at \$17.8 million
- 2007 \$10 million paid office – borrowed for Hurricane Charley
- 2010 \$2 million Council approved accelerated debt payment
- \$10.8 million current debt
- General Government have 2 obligation bonds 1) Pond Apple Park; and 2) Recreation Center construction
- Maximum sewer debt over \$60 million for sewer expansion began in the lat 90's
- 2009 accumulated cash from ad valorem tax for debt and prepaid assessments
- Staff analysis - \$6 million earmarked to pay down sewer debt
- 2009 3% sewer rate increase rather than 9% rate increase
- 2011 pay down 2 small sewer debts of approximately \$.5 million
- 2011 sewer rate increased waived
- July 19<sup>th</sup> Council meeting sewer feasibility study presented
- Funding for sewer debt come from 3 sources; 1) ad valorem taxes approved by electorate; 2) assessments for each sewer phase and financed for 20 years; 3) sewer rates
- When home sold remaining assessments must be paid in full
- 2011 collected \$1.1 million in assessments
- Assessments paid, revenue stream decreases with trouble meeting debt service
- Recommendation to pay off 6 SRF loans and 2003 sewer bonds

- If debt was not paid down the debt ratio coverage would barely make the minimum of 1.156 debt coverage ratio
- Ruled out 2003 sewer bonds – not eligible for early retirement
- State Revolving Fund (SRF) retire \$2.9 million of debt
- Use the \$1.1 million in assessments
- Must maintain \$560,000 in restricted cash reserves
- \$400,000 debt service funds included in the FY12 budget
- \$1 million loan from the general fund and repaid over 2 years
- Sewer fund currently paying \$350,000 annually for a \$3.5 million loan from the general fund & paid down to \$1.75 million
- Increase funds owed to the general fund totaling \$2.75 million - repayment schedule for 10 years to the general fund
- Save \$442,000 if Phase 1 sewer expansion project paid off
- Reduce voted debt service by .0064 for sewer debt and decrease annual debt requirement by just over \$400,000 and debt coverage ratio of 1.411
- Begin an investment program and making 1.9%

Discussion ensued regarding retiring \$2.9 million, average resident savings approximately \$.64 per \$100,000, accumulated \$1.1 million in assessments, accumulated \$500,000, accelerated debt payment, moving cash, alternative was to receive a lower interest rate, paying back a loan \$1.75 million to general fund, accelerate to \$275,000 each year repayment, need to maintain debt ratio, all bonds issue had a debt coverage, must maintain the debt coverage, cash flow implications, 1.150 debt coverage and doing nothing the debt coverage would be 1.156 debt coverage and under the debt ratio, retiring almost 3.2% of debt, Council had until September to make final decision, Ms. Zimomra stated it would assist staff for Council to make a decision earlier rather than later and give consideration to the timing of after hurricane season, \$1 million available for other situations, reallocate funds, flexibility and use money in the most efficient manner, lower sewer millage rate, turns coverage ratio from 1.156 to 1.411, if decision made today the impact would be \$1 million not available for other reasons, do not move funds until the end of the fiscal year, and concerned getting hit by a category 1 hurricane.

Mayor Ruane moved, seconded by Vice Mayor Denham, to accept staff's recommendation to move the funds now.

Ms. Zimomra asked to read the titles of Resolutions 11-064 and 11-065 and noted that moving the funds was incorporated in to Resolution 11-064.

**RESOLUTION 11-064 AMENDING RESOLUTION 06-118 TO APPROVE AN ADDITIONAL \$1,000,000 INTERFUND LOAN FROM THE GENERAL FUND TO THE SANIBEL SEWER SYSTEM AND TO ESTABLISH AN ANNUAL SCHEDULE OF REPAYMENTS FROM THE SANIBEL SEWER SYSTEM TO THE GENERAL FUND FOR THE INTERFUND LOANS; AND PROVIDING AN EFFECTIVE DATE**

**RESOLUTION 11-065 APPROVING BUDGET AMENDMENT/TRANSER NO. 2011-034 AND PROVIDING AN EFFECTIVE DATE** (to budget a \$1.0 million interfund loan from the general fund to the sewer fund; \$562,878 from the sewer fund restricted cash and a \$2,960,058 principal paydown of the sewer system's state revolving fund loan #83504P. This amendment increases the FY11 budget by \$562,878)

Ms. Zimomra read the title of Resolution 11-064 and 11-065.

Mayor Ruane moved, seconded by Vice Mayor Denham, to adopt Resolutions 11-064 and 11-065. It was noted that the above motion was noted to be incorporated in to the resolutions.

Public Comment

None

The motion carried.

Mayor Ruane spoke to debt not on the balance sheet and made a commitment to pay down debt for the General Employees and Police Pension Funds and have approximately \$17 million debt, interest consistent with assumptions, GEPA 6.5% interest expenses debt and Police debt 7.5%, Council review all debt, and pensions unique with no repayment penalties, and staff did an analysis.

Ms. Edwards spoke to the following:

- Paying down the general obligation bond for 2002 Pond Apple Park
- 2012 retire the Pond Apple Park debt in the amount of \$3 million
- 2006 recreation center bonds earliest retirement date would be 2016
- Pension pay down provide a larger savings than paying off the 2002 general obligation bonds
- Not considered to put together another \$3 million to retire the recreation center bonds
- Option to retire recreation center bonds would be the savings on the City contribution to pension funds by paying down
- Repayment from the sewer fund to the general fund
- Earmark the accumulation of funds to retire the 2006 recreation center and make up another \$600,000 annually
- Budget more from general fund for the next 5 years to retire recreation center debt
- Recommendation to pay down \$3 million for pension
- Budgeted \$2.55 million

Discussion ensued regarding greater unfunded liability for general employees, utilize \$2 million for general employees pension and \$1 million for police pension, unfunded liability for police pension currently \$6 million and general employees almost \$11 million, save in 5 years \$850,000 in interest by using \$3 million, pay down interest and debt, gives an option to reduce fixed overhead expense for pension obligation annually, save approximate \$170,000 in interest over 5 years and \$130,000 in principle, action regarding the sewer would have \$275,000 repayment to the general fund and accumulated funds for 5 years and accumulated savings the amount would be \$575,000, \$575,000 each year, recreation debt \$6 million, utilizing the method retire recreation center debt over 10 years, utilize monies and save interest, reduce overhead fixed expenses, allows the opportunity with the exception of Pond Apple Park to retire debt, all voted approved debt, pay debt and get a greater reduction, improve funding ratio, saving interest over a period of time, allocated \$2.6 million and use another \$400,000, paying in excess of \$500,000 interest per year, need strategy to pay recreation center debt, goal of what the unfunded liability should be, can adopt budget and timing of additional monies could be timed for December, \$1.5 million for general and \$700,000 for police pension, and Mayor to work with staff to prepare a strategic plan.

Ms. Zimomra asked if staff would bring back the \$3 million loan.

Mayor Ruane moved, seconded by Councilman Congress, to direct staff to increase the funds for pension pay down from approximately \$2.6 million to \$3 million in the budget for the final budget hearing, which would be \$2 for the general employees pension fund and \$1 million for police pension fund and formalize a plan to pay down long-term debt from 5 to 10 years.

Public Comment

None

The motion carried.

## **Discussion of reclaimed water tiered rate analysis**

Ms. Zimomra spoke to staff recommendations for a rate increase and a tiered rate schedule for reuse water customers. She further spoke to the following:

- Reuse bills go out this week include notice for the 64 customer of the proposed rate increase
- Any additional information staff should be working on
- Include current rate, customers, monthly and annual usage, difference in revenue, Finance Director completed an elasticity rate to show any loss due to rate increase
- Last rate increase 2 years ago
- Council asked for the last 5 years of rates
- Revenue approximately \$234,000 including 3 golf courses

Discussion ensued regarding competitive reuse charges, Ms. Zimomra answered the rates were normally consistent with potable water rates, customer choice was to use island water potable water for irrigation, Ms. Zimomra stated communities build utilities different ways using, such as using sewer and water together making money on water and use to offset sewer costs, some cities use reclaimed water at a low price to keep potable water usage down, currently had flat rate system, Island Water Association (IWA) had 6 tiered rate, staff recommendation for a 3 tiered rate, was all reuse water sold, Ms. Zimomra answered normally when the most was needed customers need the least, she noted that within the feasibility study staff long-term recommendation was for storage tanks, Lee County idea of pouring water in sand, Mr. Castle noted that during dry times not enough water and during wet times too much water and must put down the deep well shared with IWA, storage tanks to store reclaimed water on the long-term horizon, advantage of new technologies and disadvantages new legislation, want to be on the cutting edge and not a guinea pig for new innovative ideas, were customers satisfied, Mr. Castle stated only one customer had reclaimed water cut off, due to his belief the water was damaging his plants, Sanctuary golf course would like more reclaimed water, could more money be made with a storage tank, Ms. Zimomra answered there would be more to sell, but less money due to cost of project and never fill the off-season need, movement to do on-site storage, reclaimed water was used at the ballfields, Council wanted history of rate increase over the last 10 years, at the highest rate City would be 50% below IWA, Mr. Castle stated that operations wise it makes no difference of customer usage or pumping down well, operations all about revenue, Ms. Zimomra stated that a customer could not be interconnected, but could have both systems and only pay for portion of reclaimed water used, and use reclaimed water at ball fields.

## **CITY MANAGER**

### **Informational Items**

Ms. Zimomra noted that staff was tracking Tropical Storm Emily.

### **Sanibel Treasury Investment Performance Report for the Period Ending June 30, 2011 prepared by Burgess Chambers & Associates, Inc.**

### **City of Sanibel Investment Portfolio Report for the Period Ending June 30, 2011 prepared by Integrity Fixed Income Management, LLC**

The consultants gave the following report:

- Completed 1-year managing operating funds
- Total market value just under \$21 million
- Market value increase \$474,000 or just under 2% annualized
- Yield 1.5% as of June 30, 2011
- Page 3 - Projection of yield over next year after fees \$268,000
- Increased by \$50,000 from consultant hiring
- Page 4 - Zero to one portfolio and return .82 versus index .13 – 70 bases point above
- Most money market yielding 20 bases point; Sanibel earning about 25 bases point; gross return of .68 to date
- Page 5 - Beginning of March 31, 2011 portfolio value was \$6,253,742 and ended the quarter at \$6,305,022.80

- Page 6 - Average quality was AAA+ and average maturity .3 years versus index of .2 years
- Interest rate risk very low
- Page 7 – break down of different securities used; Cash 39% FDIC government backed securities; 52% taxable municipals; 8.9% corporate

Discussion ensued regarding increasing corporate bonds, policy of pension not to have more than 10%, taxable municipal more attractive than short corporates and over time Council may want to increase corporate bonds, consider liquidity when purchasing bonds, distribute funds over 12 months, do not anticipate any problems securities selling was needed, rating guidelines for taxable municipals and rating of A or better.

Consultant report continued as follows:

- Page 8 - Maturity distribution was 34% next day, 19% 1 to 3 months, 29% 3 to 6 months, 17% 6 to 12 months
- Page 9 - A quality 20%, AA 46% and AAA 33%
- Page 12 – individual issues - Reserve 1 to 2 year portfolio – 1 year 1.1% versus index of 35; inception to date .73
- Page 13 - Ending period over \$7.5 million
- Page 14 – Portfolio quality AA – yield 1.1% versus index .1; average maturity 1 year versus maturity .5 year
- Page 15 – treasury low and municipal area more attractive
- Page 16 – distribution 25% 0 to 6 months; 44% 6 to 12 months; 22% 12 to 18 months; 75% 18 to 24 months;
- Page 17 – Quality rating 50% of portfolio AA; 24% AAA and remainder A rated
- Use national ratings and internal analysis done in-house
- Page 18 – Beginning of holdings list
- Page 20 – Surplus portfolio; returns and inception to date 2.61 versus 450 and may want to address at a later date
- Page 21 - ending value of fund \$5, 141, 541 versus \$5,000, 043
- Page 22 – AA quality yield 1.9 versus index 1.3; average maturity 24 versus index 4;
- Page 23 – Agency treasury portion with longer maturity with better yields 20%; corporate 15%; and restriction 15%; taxable muni 64%
- Page 24 – 14% 0 to 1 year; 48.5% 1 to 3 years; 38% 3 to 5 years
- Page 25 – Ratings - AAA about one-third; AA little over one-half; A rated just over 10%
- Page 26 – Individual holdings
- Page 28 – Restricted account – set-up to off-set longer bond maturity and return; inception to date return 7.3%; index 10 to 15 year Merrill Lynch; out performed by 1.5%
- Page 29 – Beginning account \$1,836,818; ending \$1,923,327
- Page 30 – Quality AA+; average maturity 10.8 versus 12 year index; yield 4.4 versus 3.4 index
- Page 31 – 60% treasury; little under 6% corporate; 33% municipal;
- Page 32 – 7 to 10 and 10 to 15 maturity of bonds to off-set
- Page 33 – Quality ratings 70% AAA; 25% AA; 4% A

### **3<sup>rd</sup> Quarter Financial Report for the Sanibel Historical Museum and Village, Inc.**

Ms. Zimomra called Council’s attention to the inclusion of this report.

### **Causeway counts for June, 2011**

Ms. Zimomra spoke to this being for information only.

### **CITY ATTORNEY'S REPORT**

Mr. Cuyler stated that there would be a mangrove update at a later time

## **COUNCIL MEMBERS' REPORT**

Councilman Harrity spoke to being impressed with Council's knowledge and being a good steward of the people's money.

Councilman Jennings spoke to increasing lion fish citations.

## **PUBLIC COMMENT**

None

There being no further business the meeting was adjourned at 12:05 p.m.

Respectfully submitted by,

Pamela Smith, MMC  
Sanibel City Clerk