

**SANIBEL CITY COUNCIL BUDGET WORKSHOP
JULY 26, 2006**

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

Members present: Mayor Johnston, Vice Mayor Denham, Councilman Jennings and Councilman Rothman. Councilman Brown arrived at 10:00 a. m.

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

Continued discussion on the FY 2006-07 Budget

Ms. Zimomra stated that this meeting was not a statutorily require budget meeting, but a workshop. She explained that a workshop was design to so a specific topic could be discussed by City Council. She further explained that legislation could be adopted or the meeting could be continued for further discussion. Ms. Zimomra spoke to the narrative in the budget document and that each department director considered the services associated with the dollars for each department as well as trend analysis for future needs and future departmental issues.

She also spoke to the following:

- Council sets the final millage rate
- Budget process a review of priorities
- Increased property evaluation
- Property Appraiser granted relief for those properties vacant for a portion of time and had since been integrated back in to the tax base
- Specific budget challenges
- Insurance premiums increased
- Adjusting deductibles with a corresponding increase in the deductible line item
- Impacts of the current Causeway situation (i.e. transponder cost, construction project, over weight fees)
- Repayment of the Hurricane Charley debt (down to \$1.7 million dollars remaining)
- Slow down in permit development revenue
- Major issues
 - Deferring routine maintenance on capital projects for a variety of reasons (i.e. hurricane repair)
 - Increase in public safety issues
 - Redevelopment funds
 - Shared Use Path issues
 - Definite trend from residents for active recreation space
 - Long term operating and maintenance of recreation areas
 - Managing communications and technology

- Volume of electronic correspondence increased
 - Update technology
 - After Causeway completed may need changes in traffic conditions (vehicular, pedestrian cycling)
 - Included a budget prepare at the current rate as last year
 - Included a list of initiatives with cost
- Lawsuit settlement between Lee County and the City in March, 2005

Ms. Renee Lynch, Finance Director explained that historically the City received 21% of the net Causeway revenues and part of the settlement of the 2005 lawsuit the City would provide it's share of the net Causeway revenues to help reduce toll structure fees for transponder holders. She further explained that even though the City lost the funding the revenue was formerly pledged a part of the Causeway funds to repay the Below Market Rate Housing (BMRH) debt. She also explained that there were 3 current debts on the books and SunTrust had requested a guaranteed revenue stream due to no Causeway revenue, which was done when Council adopted a resolution to replace the funds from a non-ad Valorem stream. She further explained that by pledging those funds it made those revenues unavailable to meet the operating expenses.

Mr. Cuyler stated the Lee County did not want to make the 21% a part of the settlement, but agreed to fund the Recreation Center in the amount of \$3.2 million dollars.

- 1998 Sewer Loan

Ms. Lynch explained that as part of a 1998 consent order that was place on the City sewer system requiring the City to find alternative methods of effluent disposal and at that time the only way of disposal were the golf courses. She further stated that in order to relieve the Consent Order and permit new customers to be added to the Sanibel Sewer System the City in partnership with Island Water Association (IWA) constructed a deep injection well at the IWA site. She added that approximately 1 year later the sleeve that lines the deep well corroded, which necessitated a million dollar repair. She noted that the initial funding of the deep injection well and the replacement of the sleeve caused the sewer fund to borrow money from the general fund, and although there was no formal agreement, but was approved by City Council. She continued to explain that the loan from the general fund had varied over the years beginning with \$4.5 million dollars and as of September 20, 2005 the loan was a \$3.5 million dollars. She stated as part of GASB 34 implementation, and not a short-term loan, long-term loans must be booked on a balance sheet as a reserve of fund balance. She explained that because the general fund had given the sewer fund a long-term note of \$3.5 million dollars it was booked as a reserve on the balance sheet and the ending fund balance for fiscal year 2005 was \$9 million dollars and the carry forward for fiscal year 2006 was \$9 million dollars, leaving the same carry forward of \$9 million dollars for fiscal year 2007. She added that Council would see a repayment policy of these funds in the future in conjunction with sewer rates discussion. She stated that if Council approves a repayment schedule \$350,000 would be available in fiscal year 2007.

Ms. Zimomra explained that at the next Council meeting there would be discussion of the operating budget for the sewer department, the repayment schedule and sewer rates for next year.

Discussion ensued regarding the amount of the Causeway revenue went to repay the BMRH debt was approximately \$164,000, amount of Causeway toll was paying for the new flyover, residents not the biggest owners of transponders, approximately 15% of a person's tax bill to operate the City, the City should not hold the paper on the sewer loan, Ms. Lynch investigating that possibility, and actual City debt was approximately \$10 million,

- Library debt

Ms. Lynch explained that the Sanibel Library became a special taxing district, but prior to that the funds that went to the library came to the City by an Interlocal agreement between the City and Lee County and passed through the City by another Interlocal agreement between the City and the Library.

- Weigh Station

Ms. Zimomra explained that for decades the City operated through an Interlocal Agreement a weigh station on the Causeway, which weighed trucks as they came to Sanibel and over weight trucks were charges an overweight surcharge for roadway damage. She further explained that the City anticipated about \$385,000 in revenue even with the weight restriction due to Causeway construction in the current budget year. She also noted that several weeks ago the Lee County Board of Commissioners elected to enact the cancellation clause of the Interlocal agreement because it would not be compatible with the long term plan to convert the Causeway Islands to parks.

Discussion ensued regarding Lee County currently paying a monthly fee while construction was ongoing, challenge was to find placement for the weigh station, land coming on the island was environmentally sensitive land and could not be used without a referendum, the second challenge was to convince the county that the weigh station would be compatible with vegetation screening, revenue could be between \$350,000 to \$800,000 in revenue, City requested the new toll booth incorporate the weigh station and Lee County disagreed, anticipate there would be written notice of the cancellation of the weigh station, Lee County instructed their staff the work with City staff, Hurricane Charley repayment for 2006 was \$1.5 million dollars to the total debt of \$4.36 million, remaining debt for Hurricane Charley was \$1.7 million, repayment so far from City funds had been \$1.5 million, and the possibility of more FEMA money.

- Shared Use Path Bypass

Ms. Zimomra noted that in August Council requested a presentation of cost being \$1.5 million

- Lake Okeechobee

Ms. Zimomra stated that \$350,000 in the Legal Department and a reserve of \$500,000

Discussion ensued regarding the funds spent thus far, Mr. Cuyler stated the budget line item was \$100,000 and Council approved an additional \$300,000 and the would be spent in this fiscal year, \$1.5 million on the list of initiatives would be for shifting Periwinkle Way.

Ms. Lynch introduced Francie Slain, Fiscal Analyst and stated that Ms. Slain put the budget document together.

Renee Lynch gave the following PowerPoint presentation of the FY 2006/07 Working Budget:

Governmental Funds	Fiscal Year 2005/06		Fiscal Year 2006/07
	Adopted	Amended	Working
Operating Uses	\$28,578,449	\$31,860,751	\$26,599,808
Capital Uses	<u>4,710,100</u>	<u>21,027,268</u>	<u>17,338,919</u>
Total Working Budget	\$33,288,549	\$52,888,019	\$43,938,726

She stated he governmental funds include the following funds:

- General Revenue
- Deb Service
- Special Projects
- Capital Project

She explained that all of the above-mentioned funds go in to producing the millage rate necessary to fund the budget, and in future budget hearings there will be discussion of the enterprise funds, which stand alone, are self funded, and do not impact millage rate.

Ms. Lynch explained that there were operating and capital uses, and capital use fluctuate every year depending on capital projects authorized by Council. She further explained that from the adopted budget to the amended budget a budget amendment was adopted by Council appropriating the funds for bond proceeds, the 2 Interlocal Agreements (Lee County and Lee County Board of Education) in order to let the construction contract and the \$17 million in the capital uses would be the re-appropriated of funds for next year. She also explained that the adopted fiscal year 2005/06 of \$28,578,449 and the amended budget of \$31,860,751 included all the budget amendments (grants) that were approved during the year.

Ms. Lynch spoke to the necessary millage rate to fund the budget as follows:

- Working budget document includes 2.4801 mills

- Same millage rate as last year
- Generates additional revenue by levying the same tax rate due to the Lee County tax increase
- The increase does include those properties taken off the tax roll after Hurricane Charley now included on the tax roll

Discussion ensued regarding the evaluation decreasing 4% last year, Lee County sets the property evaluation, do not the value of properties that were deducted last year and add on the tax roll this year, Ms. Zimomra stated that all properties that were granted relief by the property appraiser were gulf-front properties, and if those properties were renovated that renovation could have increased their property value.

Mr. Lynch explained that the millage rate of 2.4801 was 21.12% more that the rolled-back rate of 2.0477. She explained the rolled-back rate as follows:

“Rolled-back rate means the calculated tax (millage) rate which generates the same amount if AAD Valorem revenue as was received in the previous fiscal year.”

She further stated that is property values increase (not including new construction) the rolled-back rate would decrease and if property values decrease (not including new construction) the rolled-back rate would increase. She also explained that by taking the 2005 property value at \$4.092 million and multiply the 2005 millage rate of 2.4801, which generated the current year of \$10.1 billion dollars, then divide that figure (\$10.1 billion) by the 2006 property values excluding new construction and that equals the rolled-back rate of 2.0477.

Comparative millage rates were as follows:

	<u>Millage</u>	<u>Amount</u>
Operating	2.4801	\$1,537.53
Voted Debt Land	0.0475	\$ 29.45
Voted Debt Sewer	0.2363	\$ 146.49
Voted Debt Recreation Center	0.1145	\$ 70.98
TOTAL	2.1145	\$1,784.45

Average residential property value was approximately \$619,946

Average residential taxes paid to the City in the past 3 years:

Tax Year	2004	2005	2006
Average value	\$518,276	\$521,603	\$619,946
Operating Millage	2.5000	2.4801	2.4801
Average tax to City	\$1,295.70	\$1,293.64	\$1,527.53
Voted debt sewer	0.2268	0.2523	0.2363

Voted debt land	0.0625	0.0591	0.0475
Voted debt recreation center	-0-	-0-	0.1145
TOTAL voted debt millages	0.2893	0.3114	0.3983
Dollars for debt service	\$149.94	\$162.43	\$246.92
TOTAL PAID TO CITY	\$1,445.64	\$1,456.06	\$1,784.45

Discussion ensued regarding the tax classification of property on Sanibel, property appraiser's tax classification for property,

Ms. Lynch explained the Governmental Fund Sources of \$43.9 million were as follows:

Estimated Beginning Fund Balance 42%

She explained that this included all governmental funds (i.e. recreation center, bond proceeds, special revenues funds) had to be re-appropriated for a specific purpose.

Revenues include:

Ad Valorem – Operating	28%
Ad Valorem – Land Debt	1%
Ad Valorem – Recreation Center Debt	1%
Licenses and Permits	2%
Intergovernmental	15%
Miscellaneous	2%
Other Taxes	6%
Charges for Services	3%
Fines and Forfeitures – so little it calculates at	0%

Discussion ensued regarding adding in grant revenue and would show once grant revenue excepted by the City, included in 2006 were the pass through of the library funds, money included for re-appropriation of the recreation center, included in 2006 were all FEMA monies, any money from FEMA for Hurricane Wilma would be included, and total revenues down compared to last year.

Ad Valorem Taxes – Operating

FY 2006 amended	FY 2007 Working Budget	Amount of decrease/increase	Percent Change
\$10,150,871	\$12,361,436	\$2,210.56	17.9%

2006 Value of Property

Real Property	\$4,929,816,490
Personal Property	<u>54,496,590</u>
TOTAL	\$4,984,313,080

- Times proposed rate 2.4801 mills

- Ad Valorem Revenue \$ 12,361,436

History of Millage Rates for Voted Land Acquisition for Pond Apple Park in 2001:

Tax Year	Fiscal Year	Millage	Revenue
2002	2002-03	0.1063	\$387,892
2003	2003-04	0.0595	\$238,208
2004	2004-05	0.0625	\$264,000
2005	2005-06	0.0591	\$250,000
2006	2006-07	0.0475	\$237,000

Voted Debt Service Millage Levy – Recreation Center Project

April, 2006 referendum authorized issuance of \$8,350,000 long-term debt to build a new recreation facility as follows:

Tax Year	Fiscal Year	Millage	Revenue
2006	2006-07	0.2245	\$570,855

Ms. Lynch explained other taxes as follows: (Increase of \$150,000 or 5.4%)

	FY 2006	FY 2007
Local Option Gas	\$1,560,000	\$1,660,000 (State projections)
Casualty Insurance Premium	47,000	47,000 (previous year)
		(Must be used to fund the Police Pension Plan)
Communication	540,000	540,000 (state projections)
Franchise	500,000	550,000 (previous year)
TOTAL	\$2,467,000	\$2,797,000

Licenses and Permits: (Decrease of \$183,090 or 17.7%)

	FY 2006	FY 2007
Building-type	\$ 640,000	\$ 623,681 (less hurricane repairs)
Plans Review Fees	77,062	111,500 (current year collections)
Dog and other licenses	11,718	19,991 (current year collections)
Vehicle Weight	220,000	-0- (County no longer use)
Occupational	<u>269,000</u>	<u>280,000</u> (current year collections)
TOTAL	\$1,218,261	\$1,035,171

Discussion ensued regarding if there were over weight permits then there would be a budget amendment to include the revenue and appropriations of expenses, no official notification from Lee County regarding the discontinuation of over weight permit revenue, Ms. Zimomra stated there was a 60 day termination clause in the Interlocal

Agreement, and possible participation between Lee County and the City to move the weigh station and Ms. Zimomra answered that was not part of staff discussion.

Intergovernmental Revenue: (Decrease of \$5,023,542 or 73.4%)

	FY 2006	FY 2007
Hurricane Charley Grants	\$ 810,595	\$ -0- (project complete)
Hurricane Wilma Grants	908,782	-0- (project complete)
State Revenue Sharing	151,200	200,000(state projections)
Alcoholic Beverage Tax	20,000	20,000(state projections)
Half-cent Sales Tax	600,000	660,000(state projections)
Lee County-Sanibel Library	2,060,000	-0- (Special District)
Other Governmental Shared Revenue	21,000	22,500(previous collection)
Municipal Solid Waste	32,000	45,000(previous collection)
Payments in lieu of taxes	60,000	50,000 (previous collection)
Weigh Station & Ball Park	171,167	138,072(contracts)
Grants	<u>7,030,311</u>	<u>5,705,941</u> (grant awards)
TOTAL	\$11,865,055	\$ 6,841,513

Charges for Services: (Decrease of \$148,585 or 11.7%)

	FY 2006	FY 2007
General Governmental Charges	\$ 474,862	\$303,166 (less develop permits)
Public Safety Charges	5,000	11,000 (prior collect)
Solid Waste Tip Fee	210,000	150,000 (prior collect)
Historical Committee Sales	4,000	5,000 (prior collect)
Culture/Recreation Charges	93,500	100,162 (prior collect)
Indirect Cost Charges to Other Funds	<u>630,000</u>	<u>700,000</u> (estimated)
TOTAL	\$1,417,912	\$1,269,328

Discussion ensued regarding less development permits, development permits reduce to decrease in development, Bob Duffy, Planning Director stated that development permits were approximately 30% per year per Hurricane Charley, but did not continue, he continued that 17% development permits were projected for FY 2007, Ms. Zimomra stated that Sanibel Bayous was permitted last year for 30 buildable lots and trend that lot development had slowed down, re-development would trigger a single family permit fee, City receives school impact fees, but no road impact fees, construction due to economical environment, short-form application for remodeling significantly increased over the past year, Ms. Zimomra stated the City did receive road impact fees and park impact fees that must be used for park improvements, and charge for lien requests.

Fines and Forfeitures⊕ Decrease \$15,407 or 10.3%)

	FY 2006	FY 2007
Court Fines	\$ 50,000	\$ 44,743 (current collections)

Parking Violations	80,000	70,000 (current collections)
Local Ordinance Fines	<u>32,000</u>	<u>34,000</u> (current collections)
TOTAL	\$164,650	\$149,243

Discussion ensued regarding a decrease of c beach parking permits revenue.

Miscellaneous Revenues: (decrease of \$125,341 or 14%)

	FY 2006	FY 2007
Interest	\$401,193	\$553,269
Rents and Royalties	59,996	25,660
CHR rents	50,000	50,000 (per contract)
Contributions	138,256	78,000 (not anticipated)
Impact fees	100,000	140,000 (current collections)
Special Assessment	14,336	24,193 (per terms of project)
Other Miscellaneous	<u>7,000</u>	<u>25,000</u> current collections)
TOTAL	\$770,781	\$896,122

Discussion ensued regarding interest would be collected for all funds, any funds given to the City for a purpose, Ms. Zimomra stated that contributions were normally made to the recreation and historical funds, and impact fees were from building permits.

Ms. Lynch explained that beginning fund balance was rolled forward from the current year's estimated ending fund balance. She again reiterated that the beginning fund balance in the general fund was \$3.5 million less than what it would have been if there was not a reserve for the long-term loan to the sewer fund. She again reiterated that since the ending fund balance was less the beginning fund balance would be less. She further explained that the beginning fund balance appeared larger due to the bond proceeds for the recreation center and would be re-appropriated in fiscal year 2007 to complete the project.

Ms. Lynch explained that the City complies with a fund balance policy setting aside 17% of the operating expenditures in the general fund to meet the cash needs of the first months of the new fiscal year due to tax bills going out in November and collected in November and early December, and in early December the first tax payment would be made from Lee County.

Discussion ensued regarding when tax payments would be made by Lee County.

Ms. Lynch spoke to the issuance of bonds for the recreation center in fiscal year 2006.

Discussion ensued regarding a separate line item for debt service, and Ms. Zimomra explained that Council has established a separate reserve for the recreation center project, any payment for the recreation center debt would come from Ad Valorem tax.

Ms. Lynch explained that \$712,862 was reserved for under collections, because taxpayers take advantage of the discount offered for paying taxes from November to February.

Discussion ensued regarding the City's net assets increasing, and budget decreasing from \$53 million to \$42 million.

Ms. Zimomra informed the audience that there was a new state statute requiring the creation and appointment of an Audit Committee to select the auditors and the deadline to apply was Friday, July 29th.

Council recessed at 10:38 a. m.

Council reconvened at 10:55 a. m.

Discussion continued and Ms. Lynch explained that the budget decreased due to 2 major items; 1) Sanibel Library funds; and 2) additionally the Hurricanes Charley and Wilma clean-up completed, still have debt service on Hurricane Charley, and FEMA revenues and expenditures due to repairs completed.

Governmental Fund uses: (\$43,938,726)

Culture/Recreation	4%	recreation center and senior program
Physical Environment	1%	natural resources
Human Services	0%	funds used to pay for PAWS (animals)
Economic Environment	1%	below market rate housing
Public Safety	9%	police, building and emergency management
General Government	12%	legislative, administration, finance, planning insurance
Capital Projects	39%	
Operating Revenues	11%	
Estimated Ending Fund Balance	14%	
Long-term debt redemption	5%	
Transportation	4%	

Ms. Zimomra explained that the titles were required by state statute

General Governmental Overview: Increase of \$358,585 or 6.8%)

	FY 2006	FY 2007
Legislative	\$ 386,941	\$ 324,271
Administrative	673,039	683,210
MIS	515,051	512,007
Finance	698,268	767,983
Legal	678,403	685,252
Planning	1,270,795	1,568,372
Insurance	295,800	653,750

Hurricane Charley/Wilma	<u>317,963</u>	<u>-0-</u>
TOTAL	\$4,836,260	\$5,194,845

The above-mention include:

- Vital record storage
- Overtime, auction and audit costs for grants
- \$300,000 for water quality counsel
- Redevelopment Study cost increase
- Increased property/liability/flood/wind premiums
- Recovery cost paid off in 2006

The above mentioned do not include:

- No City-sponsored Independence Day picnic
- Less contractual with 2006 hire of staff

Discussion ensued regarding budget amendments and their sources, comparing the adopted or the amended budget, required to use the amended budget for comparison, reserve for insurance deductibles, insurance line item only \$50,000, Ms. Zimomra stated insurance deductibles were not use before Hurricane Charley, increasing insurance deductibles, City uses League of Cities insurance that was a pool of cities, total amount of assets that would need to be insured would be \$46 million excluding the sewer system if self insured, and City had a separate insurance policy for the sewer system.

Public Safety: (decreased \$514,096 or 13.4%)

	FY 2006	FY 2007
Police	\$3,236,844	\$3,161,865 (less overtime)
Weigh Station	71,993	41,830 (closing operations)
SEMP	29,550	35,840 (hurricane hang-tags)
Building	613,130	586,510 (travel for certifications)
DCA and CLEAN grants	156,024	-0- (projects completed)
Hurricane Wilma	<u>232,600</u>	<u>-0-</u> (projects completed)
TOTAL	\$4,340,141	\$3,826,045

Physical Environment: (decreased \$1,367,309 or 297.4%)

	FY 2006	FY 2007
Garbage – Recycling	\$ 134,674	\$141,644 (additional service)
Natural Resources Management	320,860	318,162 (no change)
Hurricane Charley/Wilma	1,226,671	-0- (recovery costs paid)
Environmental/Water Quality	18,100	-0- (projects completed)
WCIND – Tarpon Nay dredging	<u>126,810</u>	<u>-0-</u> (project completed)
TOTAL	\$1,827,115	\$459,806

Transportation: (decreased \$727,355 or 39.6%)

	FY 2006	FY 2007
Public Works	\$1,817,975	\$1,837,094 (increasing fuel costs)
Hurricane Charley	619,009	-0- (recovery costs paid)
Hurricane Wilma	<u>55,465</u>	<u>-0-</u> (recovery costs paid)
TOTAL	\$2,564,449	\$1,837,094

Economic Environment: (decreased \$23,266 or 9.5%)

Below Market Rate Housing

	FY 2006	FY 2007
Operating Expenses	\$ 4,500	\$ 5,500 (per CHR contract)
CHR Administrative Expense	233,400	240,404 (per CHR contract)
Hurricane Wilma	<u>31,270</u>	<u>-0-</u> (project completed)
TOTAL	\$269,170	\$245,904

Culture/Recreation: (decreased \$2,213,068 or 114.3%)

	FY 2006	FY 2007
Library	\$2,060,000	-0- (became special tax district)
Recreation Center Operations	925,574	\$866,098 (less operating during construction)
Public Facilities	506,966	550,186 (increased overtime and utilities)
Seniors	103,041	111,038 (increased overtime and contractual classes)
Performing Arts	25,700	11,600 (completed lighting modifications in 2006)
Recreation Center Donations	30,200	31,725 (contributions for new cheerleading program)
Historical Committee	170,261	153,704 (completion of Old Schoolhouse)
Lee County for Skate Park	99,213	-0- (project completed)
Ball Park Maintenance	212,925	212,535 (no change)
Hurricane Charley	16,074	-0- (recovery costs paid)

Discussion ensued regarding for the Historical Committee decreased due to their significant fundraising.

Debt Service: (decreased \$3,040,854 or 130.9%)

	FY 2006	FY 2007
1997 \$1.25M Paulsen property	\$ 120,310	120,260
2002 \$3.825M Pond Apple Park	239,908	237,945
1979 \$3.19M Gulfside Park	187,527	187,477
2004 \$10M Hurricane Charley	4,487,348	908,660
2006 \$8.35 M Rec Center	-0-	542,312
BMRH	<u>329,252</u>	<u>326,837</u>
TOTAL	\$5,364,345	\$2,323,491

Discussion ensued regarding a separate line item for Pond Apple Park, Gulfside City Park secured by franchise and occupational licenses tax revenue stream, Pond Apple Park approved by the electorate, BMRH debt does not show up in the budget, and Ms. Zimomra spoke to possible funds available for BMRH.

Capital Projects: (decreased \$3,538,248 or 21.1%)

	FY 2006	FY 2007
MIS	\$ 384,958	\$ 193,500
Police	91,000	115,000
Natural Resources	2,602,544	1,044,869
Recreation	13,898,901	13,668,040
Public Works/Parks		
Public Facilities	507,782	401,854
Vehicles/Equipment	146,000	43,000
Drainage	190,000	170,000
Roads/Bridges/Shared Use Paths	543,000	570,000
Periwinkle Road/Shared Use Path	820,000	300,000
Other Road Projects	1,075,000	200,000
Canal Trimming Special Assess	10,000	10,000
Shell Harbor Dredging	-0-	15,000
TOTAL PUBLIC WORKS	\$ 3,292,108	\$ 1,709,854
TOTAL CAPITAL PROJECTS	\$20,269,511	\$16,731,263

Discussion ensued regarding \$500,000 reserve for the recreation center

Operating Reserves:

Reserve for Contingency	\$ 300,000
Environmental Contingency	\$ 500,000
Initiatives	\$ 585,000
Pay Adjustments	\$ 255,000
Recreation Facility	\$ 858,000
Classification	\$ 58,000
Insurance Deductibles	\$ 50,000
Disasters	\$2,000,000

Discussion ensued regarding deciding about initiatives.

Ms. Lynch explained the following:

- 17% cash flow requirement
- Designation of fund balance for specific purposes
- Debt service for bond requirements
- Unreserved and undesignated

Discussion ensued regarding a special revenue fund such as the ball field maintenance fund.

Ms. Lynch explained the budget would accomplish the following:

- Maintain the tax rate of 2.4801 mills
- Maintains current service levels
- Identifies \$585,000 for initiatives
- Cost the average taxpayer approximately \$1,500

Discussion ensued regarding establishing the millage rate at this meeting or by August 1st,

RESOLUTION 06-108 ADVISING THE LEE COUNTY PROPERTY APPRAISER OF THE PROPOSED OPERATING MILLAGE RATE, THE ROLLED-BACK RATE, THE PROPOSED AGGREGATE MILLAGE RATE, THE MILLAGE LEVY FOR THE SEWER VOTED DEBT SERVICE, THE LAND ACQUISITION VOTED DEBT SERVICE, AND THE RECREATION CENTER VOTED DEBT SERVICE AND THE DATE, TIME AND PLACE AT WHICH A PUBLIC HEARING WILL BE HELD TO CONSIDER THE TENTATIVE OPERATING MILLAGE RATE FOR TAX (CALENDAR) YEAR 2006 AND TENTATIVE BUDGET FOR THE CITY OF SANIBEL 2006-07 FISCAL YEAR; AUTHORIZING AND DIRECTING THE CITY MANAGER TO PROVIDE CERTIFICATION OF SAME; AND PROVIDING AN EFFECTIVE DATE