

**SANIBEL CITY COUNCIL CONTINUATION OF BUDGET WORKSHOP
JULY 28, 2006**

Mayor Johnston called the meeting to order at 9:06 a. m.

Members present: Mayor Johnston, Vice Mayor Denham, Councilman Brown,
Councilman Jennings. Councilman Rothman arrived at 9:11 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 there was a supplemental because there was a major typo on Attachment B with a number that read \$1,000,000 and was really \$100,000. She spoke to responding to several requests from Councilmembers.

Discussion ensued regarding reviewing projects requested by staff and residents, unforecasted reductions in revenue, City had absorbed approximately \$12 million within 4 years, the reductions had an adverse impact over time, City also absorbed increases in costs, raise millage rate 45% 3 years ago, \$580,000 in budget for initiatives, \$350,000 pay-back from sewer system, the need to provide resources for Lake Okeechobee problems, possibly setting the millage rate at 2.88 mills, fix the Periwinkle Way Shared Use Path at \$1.5 million, commitment for redevelopment, continue the water quality initiative, proposed 2.65 mills (\$828,000 new revenue and cost property owners), proposed 2.4 mills and dedicate 1.2 mills to the Periwinkle Way Shared Use Path , dedicate \$1 million for the next 6 years for Shared Use Path, 6 years from now excess toll funds would be implemented, Lee County rate 3.9 mills and capital improvement, average taxpayer paid Lee County last year was \$2,065, 3.58 mills would cost \$2,220, 2.48 mills would cost \$1,538, \$1.5 million for the Periwinkle Way project, the need to continue maintenance on the Shared Use Paths, the need to expand the Shared Use Path on Bailey Road, need another funding source in the long term, Periwinkle Way Shared Use Path not done due to funding, separate maintenance of the Shared Use Paths from the Periwinkle Way Shared Use Path item, special ad valorem tax referendum, another approach would be a utility tax for Shared Use Path projects and maintenance, Shared Use Path maintenance and projects should be shared by property owners and tourists, would like to set the millage rate to fund all initiatives, no need to spend time talking about projects that there would be no funding, responsible to increase the millage rate higher than 2.4 mills, \$585,000 in budget for initiatives, hard decision regarding choice of initiatives, last 5-year budget committee voiced concern regarding funding, with 2.48 mills there would be no money for the Periwinkle Way Shared Use Path improvement, Council asked Ms. Zimomra to speak to putting \$1.5 million in the budget for the Shared Use Path, and include on the ballot in December for funding the Periwinkle Way Shared Use Path project.

Ms. Zimomra stated that on the August 01, 2006 City Council agenda would be a report on the design for the Periwinkle Way Shared Use Path project in front of businesses from Casa Ybel Road to the Sanibel Steakhouse, cost for construction were between \$1.2 and \$1.5 million. She further stated that if a contract were signed the full \$1.5 million would have to be on hand, and would lose productivity if construction were completed in phases.

Mr. Cuyler stated that legally a referendum could go on the ballot, and would have to move fairly quickly, but the referendum would have to be late December or early January 2007. He stated that there could be 2 separate ballot questions.

Council asked if funds could be legally specified for a certain purpose and Mr. Cuyler answered yes Ad Valorem could be used for a specific purpose.

Discussion ensued regarding Council could authorize general obligation bonds, not sufficient non-ad Valorem funding, citizens wanting to protect their investment, the statement on record that the Shared Use Paths were not safe, could put 1 mill apart for Shared Use Path maintenance, many citizens on a fixed income, 7.01 millage rate for the Lee County School Board and an 8.6 reduction, .35 mills for Lee County, Lee County reduced capital improvements, .47 reduction, Library .5 reduction, citizens want to protect their investment, found funds to open Clam/Dinkins Bayou, 1.3 mills would cost and \$131 more per year, \$815 for the total tax bill of all millage rates due to some decreases for the average taxable value of \$620,000 for the average home, need to find \$2 million dollars, Council needs to consider the initiatives, need to meet the challenges and unknowns for FY 2006/2007, poor money management to raise the millage rate because other districts were lower their millage rate, referendum for \$1 million dollars per year and sunset for a period of 6 years, Mr. Cuyler stated that the earliest would be FY 2007/2008 and having voters approve a certain amount of money and restricted in a certain fund for maintenance and repair of Shared Use Path, tax anticipation note after the referendum was passed and would levy in the fall, cost for financing, approximately 5% interest rate for 1 year (\$75,000 higher), the need to have an attractive salary/wage to retain qualified employees, increased costs in training, in reviewing the initiatives and sorted out those that were health and safety approximately \$3 millions, and MIS associated with communications was \$400,000.

Councilman Brown made a motion, seconded by Councilman Rothman, to set the millage rate at 2.5 mills.

Public Comment:
None.

Discussion ensued regarding setting the millage rate at 2.5 mills, monies to support construction of the Shared Use Path, Ms. Zimomra stated that the \$500,000 reserve would be used, third party to accept the debt and challenges, adopt the more aggressive pay-back to the sewer and review other priorities, any components of the redevelopment work plan that could be phased in, approving the 2.5 millage rate the Periwinkle Way

Shared Use Path were feasible, Ms. Zimomra stated that Council could take the \$500,000 reserve for projects, update last evening of Ms. Lynch's trying to identify a third party to take the sewer debt, adopt the more aggressive sewer re-payment, possible slow down some components of the redevelopment project, necessary phasing of other projects, Mr. Lynch spoke to not being able to free up \$3 million, largest test would be the anti-delusion test, debt paid back by sewer, Ms. Zimomra stated that because the sewer utility was new there was very low reserve due to just establishing those reserves, main question was Council committed to doing something about the Periwinkle Way Shared Use Path in FY 2006/07, should not use every penny of borrowing due to unknown events, increased \$1 million in reserves, 2.5 millage rate not being responsible, costs of Hurricane Charley of the non-reimbursable costs were \$4 million, and need additional funding.

Public Comment:

None.

Discussion continued the \$550,000 in reserves for the Recreation Center project, Ms. Zimomra stated that was allocated for emergencies of the recreation center, insurance was coming in higher, removing the \$800,000 from Recreation Center reserves, take the \$350,000 for sewer pay-back, \$1 million in the disaster reserve line item, and reduce redevelopment plan and continue in phases.

Council recessed at 11:12 a. m.

Council reconvened at 11:25 a. m.

Public Comment:

Dr. David Berger spoke to in favor of 2.5 millage rate.

Allan Silberman spoke to the need to go above the proposed 2.5 millage rate, need to make an investment to protect Sanibel.

Harvey Sugarman spoke to being more fiscally responsible and fund projects to maintain the island, and add ad valorem taxes sue to other districts and Lee County decreasing their millage rate.

Mr. Cuyler stated that any Councilmember could "call the question" and there would be a vote on the motion, as with all things there could be a vote to resolve the dispute for discussion.

Discussion ensued regarding the proposed 2.5 millage rate as being to low to meet the challenges, Council asked when Donax would be repaired, Gates Castle putting together the 2006 street resurfacing and there was a need to go out to bids, may go in to October to repave, reduced revenue and the City making up the difference of increased costs, recreation center bonds would not allow more borrowing, page 23 revenues shows that

Ad Valorem taxes would be increased by \$2.2 million, 2.4801 and 2.5 mills was only \$100,000.

The motion carried with 4 to 1 with Councilman Jennings voting in opposition. .

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
Ms. Zimomra read the title of Resolution 06-108.

Councilman Brown made a motion, seconded by Councilman Rothman, to adopt Resolution 06-108.

The motion carried 4 to 1 with Councilman Jennings voting in opposition.

There being no further business the meeting was adjourned at 11:48 a. m.

Respectfully submitted by,

Pamela Smith, CMC
City Clerk