

SANIBEL CITY COUNCIL BUDGET WORKSHOP APRIL 25, 2005

Mayor Johnston called the meeting to order at 2:38 PM

Members Present: Mayor Johnston, Vice Mayor Denham, Councilman Jennings, and Councilman Rothman. Councilman Brown was excused.

Councilman Jennings gave Invocation and led the Pledge of Allegiance.

Mayor Johnston reported the objective of the meeting was for City Council to take an objective look at the FY 2004-05 budget.

Ms. Zimomra, City Manager spoke to the following:

- the numbers being reported were through the first half of Fiscal Year 2004-05
- this was the time to identify deviations, make necessary alterations and adopt changes
- three specific areas will be covered, (1) the financial impact of the Causeway law suit, (2) where we are on the hurricane damage expenses and the repayment for those damages, and (3) the impact on the enterprise fund beach parking
- future meetings would be scheduled according to regulations set by State Statutes
- three major headlines on the budget will be discussed by Finance Director Lynch, (1) general fund – 72% of the budgeted revenue has been collected as of March 31, 2005 and 47% of the budget has been expended; (2) Sewer Enterprise Fund – 54% of the budgeted revenue has been collected as of March 31, 2005 and 30% of the budget has been expended; (3) Parking Enterprise Fund – 39% of the budgeted revenue has been collected (this is due to the effects of the hurricane) and 28% of the budget has been expended

Vice Mayor Denham made a motion, seconded by Councilman Jennings, to excuse Councilman Brown from the meeting,

The motion passed unanimously.

Ms. Renee Lynch, Finance Director explained how Government Accounting works, i.e., the definition of a fund; and the five (5) government type funds (Sanibel only uses four (4)).

Ms. Lynch reviewed the FY 2004-05 budget figures as follows:

- Adopted Governmental type funds totaled \$23.8MM
- Two Enterprise Funds – (1) Sewer System - \$14.4MM, (2) Beach Parking Fund - \$1.4MM
- Total Budget - \$39.7MM
- Effective March 31, 2005 budget was amended to a total budget of Governmental Funds of \$28.7MM, the Sewer System remained \$14.4MM and Beach Parking is \$2MM for a total budget of \$45.2MM

Ms. Lynch explained the following:

- The numerous grants that have been received and how grant monies are expended on an individual grant basis
- Governmental accounting and budgeting different fund types

Ms. Zimomra explained how the weigh station process works and how the income was derived.

Ms. Lynch discussed the following:

- Intergovernmental Revenue
- Charges for Services
- Fines & Forfeitures
- Miscellaneous Revenue
- Reserve for Undercollection

Discussion ensued regarding the following topics:

- Beginning and ending fund balances – how and why adjustments are made during the year
- Difference between amending the budget and transferring funds from one account to another
- Impact fees (Ms. Lynch would submit the information to Council)
- Fund balances and the regulations that control these funds
- Excess funds and interest earned on these funds
- Grant monies; how they are used and how they are accounted for
- Ad valorem taxes and millage rates and how these taxes are distributed
- Utility tax
- Sources of funds
- Contingency reserves
- Service tax

Public Comment:

Curt Stendahl asked if permit fees are included in indirect costs.

Ms. Lynch answered yes.

Ms. Lynch reviewed the Governmental Fund Uses and explained each of the 12 uses.

Ms. Zimomra stated that the State of Florida mandates which department funds are included in each category. She reported that due to effects of the hurricane, Building Department permits had increased and expenditures had also increased due to the necessity for additional assistance. She further stated that these funds must be used by the Building Department; they cannot go into the General Fund. She also stated that monies remitted to the City for moving violations have been impacted by the hurricane because many of the City's police officers were deployed to do other jobs rather than speed enforcement.

Ms. Lynch stated that parking violations had also been impacted. She explained the definition of roll-forward.

Public Comment:

Hartley Kleinberg asked why so little money had been spent in the areas of transportation and capital projects.

Gates Castle, Public Works Director answered that some projects would be completed during the summer when traffic was less, and the money would be used at that time.

Barbara Cooley reported that the Library does not have an up-to-date copy of the budget.

Ms. Lynch said she would give the Library a new copy.

Council recessed 4:14 p.m.

Council reconvened at 4:29 p.m.

Ms. Lynch continued the budget review continuing with sources and uses of funds regarding the sewer fund and line items regarding the hurricane update.

Discussion ensued regarding beach parking funds and their legal uses, Ms. Zimomra explained parking funds had been used to pay police officers deployed to beach patrol as well as Shared Use Path improvement projects; and there needed to be a nexus between the generator and use of the funds.

Public Comment:

Hartley Kleinberg spoke a second time and asked if the \$50,000 was included in the budget for an emergency situation.

Ms. Lynch answered that once the fund reached \$1MM no more money was put into the fund.

Ms. Zimomra stated that the amount should be increased to \$2MM due to FEMA only reimbursing when a State of Emergency was declared and normally any preparation costs incurred was at the city's expense.

Mr. Kleinberg asked where the money came from to escort trucks off the Island.

Ms. Zimomra answered the contractors paid for the service.

Curt Stendahl spoke a second time to a consultant reporting that cities were using parking fees elsewhere in the city.

Council forwarded the question to Mr. Cuyler for an answer.

Steve Maxwell suggested that staff look at comparative cost and program analysis, i.e., how many development permits are reviewed in a quarter, semi-annually and annually for the FY 2005-06 budget. He spoke to public service tax and using a cross-center comparative analysis.

Council advised that the work program was being reviewed and department heads would be presenting this during the budgeting process.

Barbara Cooley spoke a second time to the need for the City to do a better job informing the public regarding the budget and that budget information should be on the web site and the Library should have an up-to-date budget report.

Discussion ensued regarding the Hurricane Charley debt being paid off in the coming year.

Hartley Kleinberg spoke a third time to Council having goals and those goals should trickle down through the organization.

Ms. Zimomra stated that goals had always been done, but due to Hurricane Charley priorities changed. She further stated that goals would be done for the 2005-06 fiscal year.

Mr. Kleinberg stated the budget on the web was very difficult to read and asked if it would be possible to show large cost items instead of the entire budget.

Steve Maxwell spoke a second time to holding a Saturday Council meeting; that Council meetings should be as accessible as possible for the public to attend; and the City should use an analysis form to measure tasks and show where tax money was being spent.

Discussion ensued regarding what Council believed was important to get from the City regarding the budget, Financial Analysis Needs document and reviewed the document, the document listed items that could be used to process Historical Data – a time period of 5 or 10 years was proposed and by doing an analysis one could track what expenses were increasing and at what rate.

Council agreed that goals and objectives are very important.

Bernie Lubetkin spoke a second time that he didn't believe that staff had time to do any comparison work. He also stated that in other cities analysis were done by citizen committee groups. He also suggested that a financial comparison be done with other cities the size of Sanibel and with the same uniqueness as Sanibel and this could be done by an ad hoc committee.

Curt Stendahl spoke a third time to his agreement that an analysis going back five (5) years would be beneficial and that the City needs to explain why taxes had more than doubled in the last five years.

Barbara Cooley spoke again that in addition to an analysis to gain information regarding taxes that revenues should be included.

Steve Maxwell spoke again regarding starting at zero for the 2006 budget and then base an analysis on the past year. He further stated that the City needed to come up with a budget philosophy and use historical data; and the Budget Committee could get this information and do a needs assessment.

Discussion ensued regarding including all State requirements for the budget, Finance Department personnel duties, task included in the creation of each fiscal year's budget, that the first analysis by done for a three-year period and next year go to a five-year analysis, Ms. Zimomra recommended that a three-year run of revenue also be done.

Ms. Zimomra explained that it was a priority of the administration to close the books for 2004 before an analysis was began.

Council asked if doing this analysis would be an extra assignment and Ms. Zimomra answered it would. She explained that the data exists, but would need to be put in a different format.

Council decided against an analysis.

Discussion ensued regarding meeting schedules and it was decided to hold an additional City Council meeting for regarding the budget on July 26th.

Hartley Kleinberg spoke again and suggested that a meeting be considered if a utility tax was being considered.

Mr. Cuyler, City Attorney reminded Council that the evening meeting was advertised as the final budget meeting if the public wanted to hear the decision regarding the millage rate.

Ms. Zimomra explained how adjustments could be made to the millage rate, revenue and expenditures.

Councilman Jennings made a motion, seconded by Councilman Rothman, to adjourn the meeting.

The motion passed unanimously

There being no further business the meeting was adjourned at 6:27 p. m.

Respectfully submitted by,

Susan Beck
Recording Secretary