

**CITY COUNCIL SPECIAL MEETING
JULY 26, 2005**

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

Members present: Mayor Johnston, Vice Mayor Denham, Councilman Brown, Councilman Jennings and Councilman Rothman.

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

Public Comment:

Ed Seiber spoke to Whiskey Creek Country Club lost all the live oaks during the hurricanes.

Council Comment:

Councilman Brown spoke to when establishing the millage rate Council should realize that once the proposed rate was set the millage rate could be lowered before the budget was adopted. He stated that the 2.5 millage rate suggested by staff was what Council should adopt.

Councilman Rothman spoke to 2.5 millage rate adopted last year should be reduced to 2.2.

Vice Mayor Denham spoke to keeping the millage rate at 2.5 mills as suggested by staff. He stated that the intention of staff to provide a summary document that gives transparency for the budget with a brief explanation of budget issues.

Council recessed due to computer problems at 9:11 a. m.

Council reconvened at 9:35 a. m.

Councilman Rothman made a motion, seconded by Councilman Jennings to excuse Councilman Brown from the remainder of the meeting.

The motion carried unanimously.

Councilman Jennings requested a discussion at the August 02 City Council meeting regarding City employees in the Below Market Rate Housing Program (BMRH). He spoke to setting the proposed millage rate, setting the millage rate at 2.4995, average taxpayer difference would be approximately \$30 per \$100,000, individual taxes for median homeowner would be \$156, possible tax breaks with individual Library District would reduce taxes, possible increase in beach parking, and Lee County reducing money they were asking for from municipalities.

Mayor Johnston spoke to the her pleasure at the budget format, happy at the inclusion of a \$2,000,000 reserve for disasters, increase grant revenue, improve in charges and allocation, concern at the issue of beach carrying capacity and needs to be a priority, looking forward to discussion of Shared Use Paths, proposed building/planning fees increase, possibility of a referendum for a new recreation center, which would possibly add \$50 or \$60 per year to the tax bill, advocate a millage rate of 2.4 offsetting a millage for a new recreation center, \$423,000 saving for a 2.4 millage rate, \$300,000 increase in building fees if adopted by Council, and remove \$175,000 for the re-development study saving \$175,000.

Ms. Zimomra stated that the proposed building/planning fees ordinance was scheduled for August 16, 2005 at Council's direction.

Discussion ensued regarding the budget presentation and Council/public comments.

**Departmental Operational Capital Budget Review
Debt Schedule Review
Review of Reserves**

Council Establishes Tentative Millage Rate

Ms. Zimomra gave the following introduction:

- Ms. Renee Lynch 20th budget
- Budget available at the Library, on the City's website, purchase a copy and a copy was at the front desk for review
- Budget made up of the Operating Budget, Special Operating Funds, Debt Service Funds and the Capital Budget, which determines the millage rate
- Staff prepared the working budget with the following objectives
 - Maintain essential municipal services
 - Pursue City Council's 2005-06 prioritized Goals
 - Address the unreimbursable recovery costs for Hurricane Charley
 - Enhance municipal services as directed by City Council
 - Utilize User Fee as approved by City Council to reduce the tax burden on property taxpayers
- Working budget prepared with a 2.5 millage rate, the same rate of the current budget
- Roll-back rate increased to 2.5118 mills due to 3.7 decrease of property evaluations, which was a reflection of vacancies of gulf front properties due to Hurricane Charley
- Ending fund balance was \$6.3 million on top of the 17% reserves
- Annual operations would cost the average taxpayer \$1,304, does not include to voted debt millage of Pond Apple Park and the sewer debt
- Adoption of tentative millage rate by statute
- Includes expanded narratives
- Does not include the additional \$368,000 for increased building/planning fees if adopted by City Council
- Review the 5-year Budget Committee recommendations, such as increasing the disaster reserve, included funds for the re-development study, ability to have a strong link between employee compensation and performance, incorporated grant writing funding
- Not included were the 2 Enterprise Funds; Beach Parking and Sewer Funds
- 2 budget hearing, Saturday, September 10th 9:00 a. m. and Tuesday, September 20th 5:01 a. m.
- No funds earmarked (\$75,000) Council approved at their last meeting for a Shared Use Path Study
- No funds for a Small Business Initiative – results of business survey at the August 02 meeting
- No funds for Water Conservation Program
- No funds for the Beach Carrying Capacity Study
- No funds for the next phase of the Employee Housing Study
- Includes reserves for contingencies

Review of Revenues & Expenditures, Renee Lynch, Finance Director

Ms. Renee Lynch, Finance Director gave a brief PowerPoint presentation as follows:

- ❖ Setting Proposed Tax Rate by strict legislation called Truth and Millage (TRIM)
- ❖ Council must set a proposed tax millage rate
- ❖ July 01 Lee County Property Appraiser advises all taxing authorities of the gross property values
- ❖ City must notify property owners by August 04 of the proposed millage rate and the date, time and place of the first budget hearing
- ❖ Property Appraiser must notify each taxpayer by a TRIM notice of the proposed tax rate for each taxing authority and date, time and place for each budget hearing
- ❖ In order to calculate the proposed millage rate each taxing authority must prepare a working budget

Ms. Lynch explained the following:

- Working budget as presented did not include the Enterprise Funds (Beach Parking and Sewer)

- Group of funds whose collective expenditures influence the calculation of the millage rate (Governmental Funds – Operating Uses and Capital Uses)

Governmental Funds	Fiscal Year 2004-05		FY 2005-06
	Adopted	Amended	Working
Operating Uses	\$19,134,422	\$23,564,636	\$28,939,448
Capital Uses	\$ 4,702,632	\$ 5,148,080	\$ 5,095,100
Total Uses	\$23,837,054	\$28,712,716	\$34,034,548

She explained that the amended budget would include grants received from outside agencies, but does not affect the millage rate because a source of funds comes from an outside agency to support a particular project. She further explained that the tax rate and Ad Valorem were proposed for the current year and next year at 2.5 mills in the working budget while generating \$12,669 greater with the same millage rate due to new construction. She also noted that the actual tax base of the City was decreased by 4.2% for the same properties without new construction for tax year 2004 to 2005. She also noted that due to a small amount of new construction the tax base increased by generating approximately \$12,000 in ad valorem revenue by levying the same rate. She advised that the 2.5 millage rate was less than the 2.5118 rolled-back rate.

Ms. Lynch explained the rolled-back rate:

The rolled-back rate means the calculated tax (millage) rate, which generates the same amount if ad valorem revenue as was received in the previous fiscal year. The rate was calculated by taking the prior year's property values times the prior year's millage rate of 2.5 mills, which would generate \$10,560,000 and divide by the 2005 property values without new construction (\$4,204,180,178) and that calculated to what the rolled-back rate was proposed. When the rolled-back rate was set there would be no tax increase.

Comparative Millage Rates	2004	2005
Operating Millage	2.5000	2.5000
Voted Debt-Land Acquisition	0.0625	0.0591
Voted Debt Sewer	0.2268	0.2523
TOTAL	2.7893	2.8114

Ms. Lynch explained that the average residential taxpayer bill for the City would show as follows:

	Millage	Amount
Operating	2.5000	\$1,304.01
Voted Debt Land	0.0591	\$ 30.83
Voted Debt Sewer	0.2523	\$ 131.60
TOTAL	2.8114	\$1,466.44

Comparison for the last 3 years:

Tax Year	2003	2004	2005
Tax Value	\$494,585	\$518,276	\$521,603
Operating Millage	1.7291	2.5000	2.5000
Average Tax Dollars Paid	\$855.20	\$1,295.70	\$1,304.02
Voted Debt – Sewer	0.3275	0.2268	0.2523
Voted Debt – Land	0.0595	0.0625	0.0591
TOTAL	0.3870	0.2893	0.3114
Average paid to City voted debt	\$191.40	\$149.94	\$162.43
Total paid to City	\$1,046.60	\$1,445.64	\$1,466.44

Governmental Funds of Sources = \$34,034,548

Fines & Forfeitures	4%
Ad Valorem Operating	30.6%
Ad Valorem Land	0.7%
Licenses & Permits	3.0%

Intergovernmental Revenue	16.3%
Miscellaneous	2.2%
Other Taxes	7.7%
Debt Proceeds	0.0%
Estimated Beginning Balance	35.3%
Charges For Services	3.8%

Ad Valorem Taxes – Operating

2005 Value of all Sanibel Properties

Real Property	\$4,176,302,490
Personal Property	\$ 53,227,040
TOTAL	\$4,229,529,530
Times proposed rate	2.5000 mills
Ad Valorem Revenue	\$ 10,573,824

Voted Debt Land Acquisition Millage Levy – 2001 referendum authorized issuance of long-term debt to purchase land at Bailey Road and Periwinkle Way called Pond Apple Park.

Tax Year	Fiscal Year	Millage	Revenue
2002	2002-03	0.0163	\$387,892
2003	2003-04	0.0595	\$238,208
2004	2004-05	0.0625	\$264,000
2005	2005-06	0.0591	\$250,000

Other Taxes	FY 2005	FY 2006
Local Option gas Taxes	\$1,475,000	\$1,560,000
Casualty Insurance Premium	\$ 40,000	\$ 47,000
Communication Tax	\$ 400,000	\$ 540,000
Franchise Taxes	\$ 505,000	\$ 500,000
TOTAL	\$2,420,000	\$2,647,000

License & Permits	FY 2005	FY 2006
Building permits	\$ 429,761	\$ 459,910
Plan Review Fees	\$ 49,000	\$ 55,440
Dog and Other License	\$ 5,850	\$ 22,730
Vehicle Permit Fees	\$ 200,000	\$ 220,000
Occupational Licenses	\$ 267,750	\$ 269,000
TOTAL	\$ 962,361	\$1,027,080

Intergovernmental Revenue	FY 2005	FY 2006
Hurricane Charley Grants	\$3,631,600	\$2,203,181
State Revenue Sharing	\$ 110,861	\$ 151,200
Alcoholic Beverage Tax	\$ 20,000	\$ 20,000
Half-Cent Tax	\$ 550,000	\$ 600,000
Lee County - Sanibel Library	\$2,060,000	\$2,060,000
Other Governmental Shared	\$ 18,600	\$ 21,000
Causeway Surplus	\$ 200,000	\$ -0-
Municipal Solid Waste	\$ 25,000	\$ 32,000
Payments in Lieu of Taxes	\$ 65,000	\$ 60,000
Weight Station and Ball Parks	\$ 155,110	\$ 171,167
Grants	\$ 642,370	\$ 324,810
TOTAL	\$7,478,541	\$5,643,358

Charges for Services:	FY 2005	FY 2006
General Governmental	\$ 311,698	\$ 311,464
Public Safety	\$ 11,000	\$ 5,000
Solid Waste Tipping Fee and Horticultural Rebate	\$ 275,000	\$ 210,000
Historical Committee Sales	\$ 4,500	\$ 4,000
Culture/Recreations Fees	\$ 82,700	\$ 93,500

Indirect Charges to other funds	\$ 677,000	\$ 630,550
BMRH net rents	\$ 50,000	\$ 50,000
TOTAL	\$1,411,898	\$1,304,514

Fines and Forfeitures:	FY 2005	FY 2006
Court fines	\$ 75,000	\$ 50,000
Parking Violations	\$ 80,000	\$ 80,000
Local Ordinance Fines	\$ 33,450	\$ 32,000
TOTAL	\$188,450	\$164,650

Misc. Revenues:	FY 2005	FY 2006
Interest	\$169,981	\$323,750
Rents and Royalties	\$ 59,996	\$239,996
Contributions	\$ 84,400	\$ 71,000
Impact Fees	\$ 62,000	\$100,000
Special Assessments	\$ 7,000	\$ 9,336
Other Miscellaneous	\$ 7,000	\$ 7,000
TOTAL	\$390,377	\$751,082

Beginning Fund Balance:

Is the carry forward of the previous year's planned Ending Fund Balance plus/minus revenue/expenditure variances and due to timing of completion of Capital Projects. The Beginning Fund Balance would be used to meet operational expenditures for the first months of the fiscal year until the Ad Valorem tax revenue was received in early December per Fund Balance Policy

Debt proceeds:

FY 2005 had \$130,000 – Capital Lease Proceeds for Public Works Equipment (Loader) with no operating debt for 2006.

Reserve for under collection:

Recognizes that taxpayers take advantage of the discount for paying and valorem taxes in months of November through February. Also, \$549,369 was in reserves for the Operating Budget. A negative balance would be due to taxpayers taking advantage of paying taxes early up to 5% of tax levy

Where the money goes:

General Government Overview of Funds Uses = \$34,034,548

Transportation	4.9%
Culture/Recreation	11.4%
Physical Environment	1.4%
Economic Environment	0.7%
Human Services	0.0%
Public Safety	11.0%
General Government	11.9%
Capital Projects	13.1%
Reserve for Contingencies	13.5%
Established Ending Fund Balance	18.6%
Redemption Long Term Debt	13.5%

General Government Overview	FY 2005	FY 2006
Legislative	\$ 272,126	\$ 301,255
Administrative	\$ 526,799	\$ 702,154
MIS	\$ 358,790	\$ 476,608
Finance Department	\$ 574,128	\$ 673,215
Legal Department	\$ 492,217	\$ 369,002
Planning Department	\$1,028,044	\$1,234,289
Insurance	\$ 297,630	\$ 295,800
TOTAL	\$3,559,734	\$4,052,323

Public Safety	FY 2005	FY 2006
Police	\$3,023,525	\$3,057,431
Weigh Station	\$ 69,930	\$ 71,993
SEMP	\$ 20,840	\$ 29,550
Building Department	\$ 442,556	\$ 574,207
TOTAL	\$3,556,851	\$3,733,181

Physical Environment	FY 2005	FY 2006
Garbage-Recycling	\$ 115,064	\$124,664
Natural Resource Management	\$ 222,747	\$224,822
Hurricane Charley	\$ 853,300	\$ -0-
WCIND-Tarpon Bay Dredging	\$ 206,800	\$126,810
TOTAL	\$1,397,911	\$476,296

Transportation	FY 2005	FY 2006
Public Works	\$1,609,316	\$1,669,997
Hurricane Charley	\$ 583,300	\$ -0-
TOTAL	\$2,192,616	\$1,669,997

Economic Environment	FY 2005	FY 2006
BMRH		
Operating Expenses	\$ 4,500	\$ 4,500
CHR Administrative Expenses	\$226,600	\$233,400
Woodhaven Project	\$500,818	\$237,900

Cultural/Recreation	FY 2005	FY 2006
Library	\$2,060,000	\$2,060,000
Recreation Center Operations	\$ 834,788	\$ 831,844
Public Facilities	\$ 446,168	\$ 466,460
Seniors	\$ 100,237	\$ 104,980
Performing Arts	\$ 19,700	\$ 45,700
Rec Center Donations	\$ 28,350	\$ 30,200
Historical Committee	\$ 315,906	\$ 121,085
Ball Park Maintenance	\$ 230,895	\$ 210,142

Debt Service Fund	
1997 \$1.25 M Paulsen Property	\$ 120,310
2002 \$3.825M Pond Apple Park GO Bonds	\$ 239,908
1979 \$3.19M Gulfside Park	\$ 187,527
2004 \$10M Hurricane Charley Debt	\$3,703,181
Below Market Rate Housing Debt	\$ 329,253

Debt Service for Hurricane Charley Repayment

Federal Grant – FEMA	\$2,101,125
State Grant – 5% Share	\$ 102,056
City non-ad valorem revenues	\$1,500,000
TOTAL	\$3,703,181

Capital Projects Overview

MIS	\$ 393,000
Police	\$ 91,000
Natural Resources	\$1,117,000
Public Woks/Parks	\$ 410,000
Public Facilities	\$ 348,000
Vehicles/Equipment	\$ 241,000
Capital Acquisition	\$ 589,000
Transportation Projects	\$ 695,000
Periwinkle Rd & Shared Use	\$ 670,000
Other Road Projects	\$1,100,000
Canal Trimming Spec. Assess	\$ 10,000

Dredging	\$ -0-
TOTAL	\$3,064,000
TOTAL CAPITAL PROJECTS FUNDS	\$5,075,100
Less Reserves	\$ 600,000
TOTAL PROJECTS	\$4,475,100

Reserves for Capital Projects:

Reserve for Community Park Development	\$200,000
Reserve for Roadside Park Development	\$200,000
Reserve for Bowman's Beach FRDAP Grant	\$200,000
TOTAL	\$600,000

Operating Reserves Overview:

Reserve for Contingencies	\$ 300,000
Reserve for Building Department Hurricane Costs	\$ 150,000
Reserve for Pay Adjustments	\$ 255,983
Reserve for Reclassifications	\$ 55,287
Reserve for Recreation Facility	\$1,000,000
Reserve for Insurance Deductibles	\$ 50,000
Reserve for City Hall Repairs	\$ 200,000
Reserve for Disasters	\$2,000,000
TOTAL	\$4,011,270

Ending Fund Balance:

17% cash slow requirement	\$2,250,966
Designated for Special Revenue Fund	\$ 236,977
Designated for Debt Service	\$ 283,746
Unreserved Undesignated	\$3,536,653
TOTAL	\$6,328,342

Public Comment:

None

Discussion ensued regarding the expenditure proposed was greater than incoming revenue at approximately \$1.8 million dollars, consider having revenue and expenditures in balance, taking expenditures and add the long-term debt (\$18.5 million dollars and add \$4.5 million dollars), revenue of \$21 million and expenditures of \$23 million and ignoring fund balance, fund balance carry forward includes capital projects due to not being completed in the past fiscal year, reserves in place that are allocated for certain purposes, pay adjustments, classification change, insurance deductibles should all be put in contingency line item, more money flowing in the ending fund balance and staff find a way to cut items to balance the revenues and expenditures, no money put toward Council initiatives with precise language.

Ms. Zimomra stated that staff could bring back recommendations.

Discussion ensued regarding if \$2 million dollars was subtracted the millage rate would be at 2.03 millage rate, not reducing the budget, but allow the \$2 million to go to fund balance, fund dispersement gives the public the ability to know where the money goes, reserve fund monies only removed at Council's discretion, need to have reserve money allocated, earmark \$1 million dollars for recreation and move money to bike paths, referendum does not pass for recreation facility then money would be used for improvements to existing facilities, increased money for bike paths, portion of the \$1 million dollars may need to be spent on architect, but that would be taken care of through the roll-over amount, money committed and projects not completed, ending fund balance always different, ending fund balance for this year would be around \$12 million dollars, ending FY 04-05 balance was projected to be \$3.5 million dollars, option throughout the year for Council to allocate funding for different projects, decreasing the millage rate to 2.2 mils as recommended by the Five-Year Budget Committee, if building and planning fees adopted by Council the millage rate could be decreased to 2.1 mils, possible FEMA re-imburement, \$2.5 million, \$1.5 million in the disaster line item instead of \$2 million, 2 grant matches (Community and Roadside Parks) remove from budget until Recreation Center expenditure resolved, \$400,000 match for 2 FRDAP grants, City had contract for

the FRDAP grant for Roadside Park, staff committed development of the Community Park, Roadside Park contract regulated development within the next 2 years, 2 years left to develop the Community Park and if development does not occur the grant money would be returned.

Discussion ensued regarding a millage rate of 2.4 mills, policy question of balancing the budget by balancing revenues and expenditures, \$200,000 set aside for the purchase of environmental land and money should be set aside for the purchase of any land.

Ms. Zimomra spoke to her understanding that Council would be adopting the Building and Planning Departmental fee increase, which would help decrease the millage rate. She stated that if it were Council's intent to adopt the increase in building and planning fees that would go along way. She also spoke to looking at Council's comments and reviewing the budget to ensure that City services and public safety were not jeopardized.

Discussion ensued regarding no money in the budget for environmental land acquisition, consider land acquisition opportunities, misconception that public think the City was building 3 new bridges, a new fire station and a new school and millage rate proposals from each Councilmember.

Public Comment:

Karen Stori Johann spoke to not taking a vote on the millage rate and putting enough money in the budget to bring all shared use paths up to standard.

Claudia Burns spoke to setting a millage rate at 2.4 that could be reduced if necessary.

RESOLUTION 05-114 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, AND THE LAND ACQUISITION 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 2005 AND TENTATIVE BUDGET FOR THE CITY OF SANIBEL 2005-06 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 05-114.

Vice Mayor Denham made a motion, seconded by Councilman Jennings, to fill in the blank of the operating millage rate at 2.4 mills and fill in the blank of the proposed aggregate millage rate at 2.4 mills and adopt Resolution 05-114.

The motion passed 3 to 1 with Councilman Rothman voting in opposition, and Mayor Johnston, Vice Mayor Denham and Councilman Jennings voting in favor of the motion. Councilman Brown was excused.

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

Respectfully submitted by,

Pamela Smith, CMC
City Clerk