

**SANIBEL CITY COUNCIL MEETING
BUDGET PUBLIC HEARING**

SEPTEMBER 11, 2004

Council held a brief Memorial Program commemorating 9/11

Mayor Harrity called the meeting to order at 9:30 a. m.

Members present: Mayor Harrity, Vice Mayor Walsh, Councilman Brown, Councilman Jennings and Councilmember Workman.

Vice Mayor Walsh gave the Invocation and led in the Pledge of Allegiance

Public Hearing and adoption of RESOLUTION 04-102 ADOPTING THE TENTATIVE OPERATING AND VOTED DEBT SERVICE AD VALOREM MILLAGE RATES FOR TAX YEAR 2004 FOR THE CITY OF SANIBEL, LEE COUNTY, FLORIDA; DETERMINING THAT THE OPERATING MILLAGE RATE EXCEEDS THE ROLLED-BACK RATE BY 51.52%; AND ESTABLISHING THE DATE, TIME AND PLACE FOR A FINAL HEARING TO ADOPT THE FINAL OPERATING AND VOTED DEBT SERVICE AD VALOREM MILLAGE RATES FOR TAX YEAR 2004.

Ms. Zimomra read the title of Resolution 04-102.

Councilmember Workman made a motion, seconded by Mayor Harrity, to adopt Resolution 04-102.

Mayor Harrity removed his second in lieu of discussion.

Motion failed for the lack of a second.

Ms. Zimomra gave a brief insight of the pre-hurricane budget for FY 2004/05. She explained that this was the first of two hearing, with the second on Tuesday, September 21 at 5:01 p.m. She further explained the following was done before Hurricane Charley:

- Prepared a proposed budget at Council's direction a budget including the service level
- Adding no staff, but laying off no staff
- 1.8525 mills with a \$21,000,000 expenditure to provide same level of service as in FY 2003-04 budget)
- List of options and possible community investments to enhance budget (all prior to Hurricane Charley)
 - Parks Projects
 - Proposed Recreation Facility
 - Capital Projects
 - Enhancement to bike paths through the Shared Use Master Plan

Ms. Zimomra explained the typical formula used by the Federal Government to reimburse a community after a storm and after funds were expended was 75/25 of reimbursable items. She stated that the cost of debris clean-up and emergency protective services would be approximately \$10 million. She further stated of that the typical share (25%) the City would be required to spend before anything was reimbursed would be \$2.5 million dollars based on a \$10 million dollar expenditure. She also explained that the \$1 million dollar hurricane line item was quickly expended. She noted in the past the State of Florida, as in Hurricane Andrew, stepped up and paid the half of the local governments 25% leaving 12.5%. She stated in order to provide the maximum

flexibility at this time, staff recommendation other than all items listed as community enhancements for next year would be dropped to the reserves, not cancelled, with an example (i. e. beach parking budget amount for the current year was \$930,000 and nothing was being collected at this time).

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

	Adopted	Amended	Tentative 2004/05
Operating & Capital	\$22,439,772	\$26,478,971	\$23,837,054
Enterprise Funds			
Sewer	\$10,790,001	\$10,790,001	\$10,781,249
Beach Parking	\$ 1,537,152	\$ 1,949,139	\$ 1,450,853
Total Budget	\$34,766,925	\$39,218,111	\$36,069,156

Ms. Lynch explained the calendar year millage rate was 1.279 mills and generated \$6.9 million dollars in the current year. She further explained that FY 2004-05 proposed tentative millage rate approved at the July 20 Council meeting was 2.5000 mills, which would generate \$10.56 million dollars.

Operating Millage Rate
 2003 – 1.7291 mills
 2004 – 2.5000 mills

Ms. Lynch explained the rolled-back rate means the millage decrease as property values increase to generate the same amount of revenue as was received in the previous fiscal year.

Tentative Millage Rate	2003	2004
Operating millage	1.7291	2.5000
Voted debt land Acquisition	0.0595	0.0625
Voted debt service for Sewer	0.3275	0.2268
Total	2.1161	2.7893

Discussion ensued regarding the possibility of tax revenues decreasing from the State due to recent hurricanes, local gas tax Interlocal Agreement expiration date and percentage of gas tax established years through the agreement.

Allocation of Total Tax Bill:

Percentage	Taxing Authority	Millage Rate	Amount
14.7%	City of Sanibel	2.7893	\$1,445.63
32.9.8%	Lee County	6.2366	\$3,232.28
42.5%	School Board	8.0650	\$4,179.90
9.9%	Independent Districts	1.8683	\$ 968.29
TOTAL			

Average property value as \$518,276

Past five years of millage rates

1999	1.7921
2000	1.7291
2001	1.7291
2002	1.7291
2003	1.7291
2004	1.7291

Comparison of Neighboring Communities Proposed Tax Year 2003 Millage Rates

Lee County MSTU	1.2114
Bonita Springs	0.9976
Sanibel	2.5000
Cape	5.6831
Fort Myers Beach	1.0000
Fort Myers	7.2100

Governmental Funds Sources:

Ad Valorem Operating & Permits	43.6%
Ad Valorem Land Debt	1.1%
License & Permits	3.9
Intergovernmental Revenues	14.4%
Other Taxes	10.0%
Debt Proceeds	0.5%
Established Beginning Balance	18.5%
Charges for Services	5.8%
Fines & Forfeitures	0.8%
Miscellaneous	1.5%

Discussion ensued regarding monitoring building permits, possibility of decrease in occupational licenses, only \$200,000 in toll revenues if there were to be a surplus and library tax funneled through the City for Sanibel Library.

2003 Value of Sanibel Properties:

Real Property	\$4,169,967,280
Personal Property	\$ 54,494,800
Total	\$4,224,462,080

Other taxes:

Local Option Tax	\$ 1,475,000
Casualty Insurance Premium Tax	\$ 40,000
Communication Services Tax	\$ 400,000
Franchise Tax	\$ 505,000
Total	\$ 2,420,000

License and permits:

Building-type Permits	\$426,000
Plans Review Fees	\$ 49,000
Dog & Other License	\$ 4,250
Vehicle Weight Permits	\$200,000
Occupational License	\$267,750
Total	\$947,600

Intergovernmental Revenue:

State Revenue Sharing	\$ 110,861
Half-cent Sales Tax	\$ 550,000
Lee County for Sanibel Library	\$2,060,000
Other Governmental Shared Revenue	\$ 17,030
Causeway Surplus	\$ 200,000
Municipal Solid Waste	\$ 25,000
Payments in Lieu of Taxes	\$ 65,000
Grants	\$ 438,480
Total	\$ 3,486,371

Charges for Services:

General Governmental Charges	\$ 303,034
Public Safety Charges	\$ 11,000
Solid Waste Tipping Fee	\$ 275,000
Historical Committee Sales	\$ 4,500
Culture/ Recreation Charges	\$ 82,700
Indirect Cost Charges to Other Funds	\$ 677,000
BMRH Net Rent Charges	\$ 50,000
Total	\$ 1,403,234

Ms. Zimomra explained that with Council support fees had been raised significantly during the past and current budget years.

Fines & Forfeitures:	
Court Fines	\$ 75,000
Parking Violations	\$ 80,000
Local Ordinance Violations	\$ 33,450
Total	\$ 188,450

Miscellaneous Revenue:	
Interest	\$166,450
Rents & Royalties	\$ 59,996
Contributions	\$ 84,400
Impact Fees	\$ 45,000
Other Miscellaneous	\$ 7,200
Total	\$369,846

Ms. Lynch gave the definition of Beginning Fund Balance and Cash-Carry Forward as follows:

Carry-forward of previous year's planned Ending Fund Balance plus or minus any favorable or unfavorable revenue and expenditure variances.

Cash carry-forward of the previous year's planned Ending Fund Balance plus/minus revenue/expenditure variances less \$1 million spent from Disaster Reserve for Hurricane Charley.

Discussion ensued regarding late utility collection and the need to hire an additional person in the Finance per the audit.

Ms. Lynch explained the following:

Debt Proceeds:
\$130,000 Capital Lease Proceeds for Public Works Equipment (loader)

Reserve for Undercollection:
Recognizes that taxpayers take advantage of the discount for paying as valorem taxes in months of November through February and \$412,021 was reserved in the Operating Budget.

General Government	\$3,624,424	15.2%
Public Safety	\$3,559,641	14.9%
Physical Environment	\$1,786,085	7.5%
Transportation	\$3,779,114	15.9%
Economic Environment	\$ 231,100	1.0%
Culture & Recreation	\$3,817,600	16.0%
TOTAL OPERATING EXPENSES	\$16,797,964	
Reserve for Contingencies and Capital Projects	\$2,308,166	9.7%
Redemption of Long-term Debt	\$ 876,483	3.7%

Estimated Ending Fund Balance	\$3,854,442	16.2%
TOTAL USES OF FUNDS	\$23,837,054	100%

Discussion ensued regarding successful in collecting sewer revenues/payments and audit recommended an additional person in the Finance Department to collect revenues (grant reimbursement request late).

General Government Departments:

Legislation	\$ 270,835	
Administration	\$ 505,269	
MIS	\$ 347,918	\$127,000 Capital
Finance	\$ 554,966	
Legal	\$ 490,926	
Planning	\$1,029,380	
Insurance	\$ 297,630	
Total	\$3,496,924	

Public Safety:		
Police	\$2,904,144	
Weight Station	\$ 69,930	
Emergency Management	\$ 20,840	
Building	\$ 405,727	
Total	\$3.4 million operating	\$159,000 Capital

Physical Environment:		
Recycle/Garbage Programs	\$ 98,064	
Environmental Sensitive Land		
Acquisition Land Restoration		
Projects		\$ 420,000 capital projects
Dinkins/Clam Bayou Culvert		\$ 511,225
Tarpon Bay Dredging	\$206,800	
Natural Resources Management	\$214,996	\$ 335,000 capital project
Total	\$5194,860 operating	\$1,266,225 capital expenditures

Transportation:		
Public Works	\$1.5 million operating	
Public Facilities		\$ 200,000 capital projects
Roads/Bridges/Bike Paths		\$1,569,900 capital projects
Drainage		\$ 230,000 capital projects
Dredging		
Shell Harbor Canal Trimming		\$ 10,000 capital projects
Vehicle & Equipment		\$ 192,000 capital projects
Total	\$1.5 million operating	\$2,221,900 capital projects

Economic Environment:		
BMRH		
Operating	\$ 4,500	
CHR Administration	\$ 226,600	administrative expenses per Interlocal Agreement
	\$231,100	

Culture/ Recreation:		
Library	\$2.06 million	
Recreation Center	\$ 807,048	\$53,000 capital projects

Public Facilities	\$ 410,821		
Seniors	\$ 100,236		
Performing Arts	\$ 19,700		
Historical Committee	\$ 111,976		
Total	\$3,764,600 operating	\$53,000	capital projects

Debt Service Overview:

2002 Pond Apple Park	\$241,608
1997 Paulsen Property Acquisition Debt	\$120,310
1979 Gulfside Park Acquisition Debt	\$187,527
Below Market Rate Housing Debt (BMRH)	\$327,038
Total	\$876,483

Reserves Overview:

- \$ 300,000 Contingency for Council to address unforeseen program or legal needs during the course of the fiscal year.
- \$ 243,320 Reserve for Classification and Pay Adjustments
- \$ 100,000 Pension Adjustments
- \$ 872,975 Reserve for first year debt service on Recreation Facility
- \$ 71,871 Reserve for Causeway Toll Increase
- \$ 720,000 Reserve for Future Capital Projects
- \$2,308,166 TOTAL

Reserve for Future Capital Project:

Bike Path Extensions	\$ 70,000	
Match for Community Park Grant	\$200,000	(\$37,000 from Impact fees)
Tarpon Bay Road Project	\$450,000	
TOTAL	\$720,000	

Ending Fund Balance:

17% cash flow requirement	\$2,762,242
Designated for Special Revenue Funds	\$ 146,210
Designated for Debt Service	\$ 250,000
Unreserved, undesignated (available for designation)	\$ 695,960
Total	\$3,854,442

Enterprise Funds:

Sewer System Sources:

User Fees	\$ 2,756,185
Fines & Penalties	\$ 15,650
Sale of Treated Effluent	\$ 10,000
Miscellaneous	\$ 105,000
Assessments	\$ 327,046
Capital Contributions	\$ 60,000
Debt proceeds	\$ 6,349,000
Ad Valorem Tax-Voted Debt Service	\$ 958,000
Beginning Balances (reuse)	(\$200,368)
Total	\$10,791,249

Voted Debt Service Millage Levy:

1999	0.3366	\$ 632,311
2000	0.3638	\$ 765,832
2001	0.3279	\$ 879,378
2002	0.2607	\$ 840,000
2003	0.3838	\$1,400,000
2004	0.3275	\$1,310,000
2005	0.2268	\$ 958,000

Uses of Sewer Funds:

Operations	\$ 2,849,817
Debt Service	\$ 3,698,066
Phase IIIA	\$ 500,000
Phase IIIB	\$5,500,000
Phase IV	\$ 350,000
Existing Sys Improvements	\$ 420,000
Reserve for Pay Adjustments	\$ 27,022
Reserve for Toll Increases	\$ 14,300
Ending Fund Balance	(\$2,852,481)
Total	\$10,781,249

Beach Parking:

Parking Permits	\$ 90,000	
Parking Fees	\$ 970,000	
Interest Earnings	\$ 4,000	
Reserve for Undercollection	(\$ 29,100)	
Estimated Operating Expenses		
Personal Services	\$ 669,660	(10.36 FTE's)
Operating Expense (including indirect costs)	\$ 533,030	
Capital Outlay	\$ 14,708	
Reserve for Causeway Toll Increase	\$ 8,769	
Estimated Net Loss	(\$518,155)	

Council recessed at 10:50 a. m.

Council reconvened at 11:02 a. m.

Discussion ensued regarding money for the re-development study being put in the reserve fund, community educator not in the proposed budget and only one position in finance included, money from an enterprise fund could be used only to fund direct impacts.

Public Comment:

Herb Rubin spoke to the need of a Community Educator.

Steve Maxwell thanked Council their efforts during Hurricane Charley. He asked for the total percentage increase of millage from 2003/04 to 2004/05 and departmental increase and percentage of single family dwelling taxes.

Discussion ensued regarding 44.5839% millage (\$399.54) increase for average Sanibel taxpayer from last year.

Public Hearing and adoption of RESOLUTION 04-102 ADOPTING THE TENTATIVE OPERATING AND VOTED DEBT SERVICE AD VALOREM MILLAGE RATES FOR TAX YEAR 2004 FOR THE CITY OF SANIBEL, LEE COUNTY, FLORIDA; DETERMINING THAT THE OPERATING MILLAGE

RATE EXCEEDS THE ROLLED-BACK RATE BY 51.52%; AND ESTABLISHING THE DATE, TIME AND PLACE FOR A FINAL HEARING TO ADOPT THE FINAL OPERATING AND VOTED DEBT SERVICE AD VALOREM MILLAGE RATES FOR TAX YEAR 2004.

Vice Mayor Walsh made a motion, seconded by Councilman Brown, to adopt Resolution 04-102.

The motion passed unanimously.

Public Hearing and adoption of RESOLUTION 04-103 ADOPTING THE TENTATIVE BUDGET FOR FISCAL YEAR 2004-05 FOR THE CITY OF SANIBEL, LEE COUNTY, FLORIDA AND ESTABLISHING THE DATE, TIME AND PLACE FOR A FINAL HEARING TO ADOPT THE FINAL BUDGET FOR FISCAL YEAR 2004-05

Ms. Zimomra read the title of Resolution 04-103.

Vice Mayor Walsh made a motion, seconded by Mayor Harrity, to adopt Resolution 04-103 and filling in the blank in the fourth WHEREAS \$36,069,156.

The motion passed unanimously.

There being no further business the meeting was adjourned at 11:26 a. m.

Respectfully submitted by,

Pamela Smith, CMC
Deputy City Clerk