



AGENDA MEMORANDUM

Finance Department

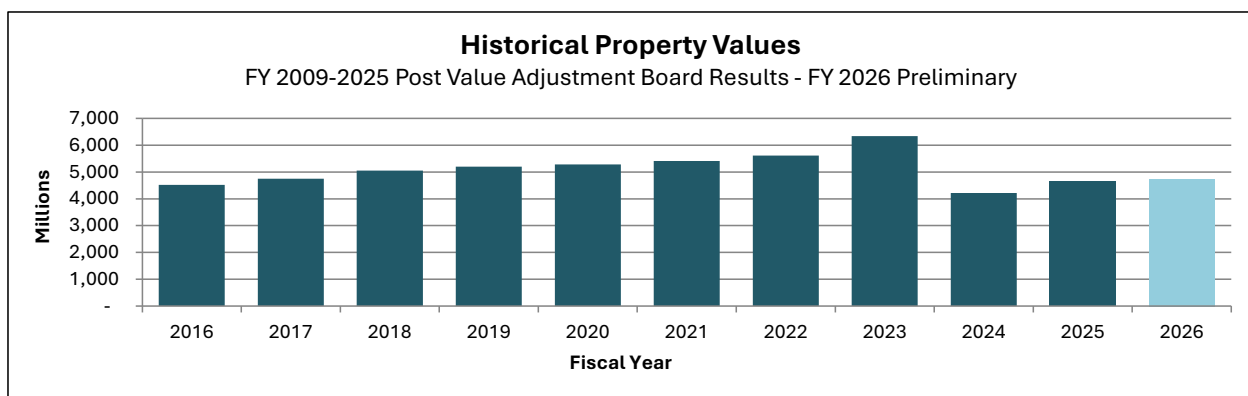
City Council Workshop Date: June 12, 2025

To: City Council
From: Dana A. Souza, City Manager
Steve C. Chaipel, Deputy City Manager/CFO
Date: June 10, 2025

SUBJECT: Fiscal Year 2026 Budget Workshop

DISCUSSION: The fiscal year 2026 budget adoption process included two workshops for the City Council to review and discuss the proposed operating and capital budgets presented by the City Manager. The Council conducted a workshop on April 17, 2025 to review the proposed 5-year capital improvement plan. The workshop today includes the proposed operating budget for fiscal year 2026.

The City received an estimate of the taxable real and tangible property values on May 31, 2026 from the Lee County Property Appraiser. The City's estimated taxable values of \$4,737,220,000 increased 1.66% from the values included in the fiscal year 2025 budget received in July 2025. At the same operating millage rate that was assessed in fiscal year 2025 (2.5000), this increase in values would result in an additional \$187,000 in tax collections to the General fund. The following chart shows the taxable values of the City for the last 10 years.



On or around July 1, 2025, the City will receive the preliminary taxable values from the property appraiser. This number is what will be used to develop the full draft budget that will be presented to the City Council at its July 15, 2025 meeting.

Sanibel is and shall remain a barrier island sanctuary

Operating Budget

The proposed operating budget is presented using OpenGov reports for the workshop. The agenda includes the links to two reports that present the operating budget both by fund and department, and by account code. In each report, the user can adjust the view to show different groupings of information by dropping down the arrow on the “View” field and selecting an option.

Operating Expense Budget						
This report shows the comparison for the proposed operating budget to the adopted budget from the previous two years. You can use the "View" option to adjust the funds you are looking at.						
View Total City						
Expand Collapse	FY 24 Adopted	FY 25 Adopted	FY 26 Proposed	Calculation	Calculation	
	FY2024	FY2025	FY2026	\$ Var From Prior Year	% Var from Prior Year	
Operating Expenses	\$38,343,941	\$43,835,511	\$43,803,819	(\$31,692)	(0.07%)	
General Government	\$8,247,218	\$8,988,252	\$10,706,465	\$1,718,213	19.12%	
Information Technology - Transportation	-	-	\$53,150	\$53,150	-	
City Clerk	\$436,583	\$527,186	\$471,895	(\$55,291)	(10.49%)	
City Council	\$49,672	\$80,021	\$70,000	(\$10,021)	(12.52%)	

Reports / Operating Expense Budget						
001 General Fund (Including Transportation and ... The General Fund is the main operating fund of the Cit...						
115 Hurricane Ian The budget for this fund is included in the capital plan.						
120 Road Impact Fees Special revenue fund to account for revenue and expe...						
121 Park Impact Fees Special revenue fund to account for revenue and expe...						
129 Shell Harbor Dredging Special revenue fund to account for special assessme...						
to the adopted budget from the previous two years. You can use the "View" option to adjust the funds you are looking at.						
	FY 25 Adopted	FY 26 Proposed	Calculation	Calculation		
	FY2025	FY2026	\$ Var From Prior Year	% Var from Prior Year		
	\$43,835,511	\$43,803,819	(\$31,692)	(0.07%)		

All Council authorized personnel positions are budgeted. The proposed operating budgets do not include increases for wages or health insurance costs.

Capital Improvement Plan

The capital improvement plan that is linked on the agenda has not changed since the April workshop. The City adopts a one year budget annually (Fiscal Year 2026). Additional years are provided as supplemental information and are subject to appropriation in future years. The FY 2026 capital improvement plan requests total \$84.2 million.

As in the prior year, the most significant part of the capital plan request for fiscal year 2026 relates to recovery projects from Hurricane Ian (Fund 115). The draft request for FY 2026 is \$30.4 million and is based on permanent work projects that are currently in development with FEMA and the State of Florida.

Sanibel is and shall remain a barrier island sanctuary

The capital plan is presented by fund and department on the online schedule. Projects that are wholly or partially funded by external grants are noted with [GRANT] prior to the description. Funding is being requested for the amounts in the FY 2026 columns. The FY 2027-2030 columns are presented for additional information but are not subject to appropriation in FY 2026.

As noted above, the published capital plan has not been changed since the City Council budget workshop on April 17, 2025. However, the Council expressed a desire to appropriate increased funding to supplement the proposed budget for expansion of the City's shared use path system (SUP).

- The Beach Parking fund includes a \$500,000 request to the Tourism Development Council (TDC) for SUP expansion. The Council could consider directing staff to increase that amount to \$1,000,000 to match the TDC request.
- The Road Impact fee fund (F120) has approximately \$1.6 million in available fund balance. To expand the SUP system further, \$1,000,000 could be transferred to the Transportation Capital Project Fund (F301). Impact fees are permitted to be used for expansion of roadways and sidewalks/shared use paths.

FUNDING SOURCE: N/A – discussion only.

RECOMMENDED ACTION: Discussion on budget and consensus on capital increases for the SUP system.