



AGENDA MEMORANDUM

Finance Department

City Council Budget Hearing: September 8, 2025

To: City Council
From: Steve C. Chaipel, Deputy City Manager/CFO
Date: September 3, 2025

SUBJECT: Fiscal Year 2026 Tentative Budget

BACKGROUND: The City Council held a public budget workshop on [August 12, 2025](#) to continue the discussion of the City's fiscal year 2026 budget. The results of that discussion are included in the tentative budget being discussed today. A summary by fund of the budget can be [found here](#).

The total City budget decreased slightly to \$216,061,886 from the draft budget presented in August of \$216,164,163. The \$102,277 decrease was due to the following changes:

- \$57,590 increase in beginning fund balance due to adjustment to fiscal year 2025 revenue estimates.
- The Sewer fund revenue budget was reduced by \$144,687 due to a reduction in an expected rate increase from 4.5% to 3.0%.
- The General fund revenue budget was increased by \$100,000 due to higher than expected collections of communication services taxes and franchise fees

Other changes were made to the draft budget and are summarized below:

- At the request of the City Council, two projects were added to the Transportation Capital fund Capital Improvement Plan. A feasibility study to analyze the potential automation of certain pumps and a project to modify certain weir flap gates were added to the CIP. The detail CIP can be [reviewed here](#).
- Total personnel services decreased \$282,214 from the draft budget.
- The budget for general liability insurance in the General fund decreased \$500,000 from the draft budget.
- The total City ending fund balance increased \$409,532 (0.62%) from the draft budget due to the net effect of the above adjustments.
- The detailed capital improvement plan was adjusted since the last workshop to separately display projects related to stormwater and floodwater.

Sanibel is and shall remain a barrier island sanctuary

- The tentative budget includes an operating millage rate of 2.5000, consistent with the draft budget and the adopted fiscal year 2025 budget. Ad valorem tax receipts in the General fund are levied based on a taxable property valuation of \$5,634,817,483 that was received from the Lee County Property Appraisers office in July 2025.

At the first budget hearing, the City Council is required to adopt resolutions approving the tentative millage rates (operating and voter approved debt service) and tentative budget. These are the tax rates and tax levies that will be advertised for consideration of adoption at the final budget hearing.

FUNDING SOURCE: N/A

RECOMMENDED ACTION: Approve Resolution 25-050 setting the tentative millage rates for fiscal year 2026 and Resolution 25-051 setting the tentative City budget for fiscal year 2026.

ATTACHMENT A
FISCAL YEAR 2026 TENTATIVE BUDGET CHANGES FROM DRAFT

Fund	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total City
Draft Budget Sources of Funds	\$ 44,728,634	\$ 85,608,810	\$ 1,029,123	\$ 40,869,694	\$ 43,927,902	\$ 216,164,163
Change in Beginning Fund Balance From FY 2025 Estimated Actual Adjustments	(57,590)	-	-	-	-	(57,590)
Sewer Utility Revenue Decrease (4.5% increase in rates to 3.0% increase in rates)	-	-	-	-	(144,687)	(144,687)
Miscellaneous Change in FY 2026 Revenue Budget	100,000	-	-	-	-	100,000
Tentative Budget Sources of Funds	\$ 44,771,044	\$ 85,608,810	\$ 1,029,123	\$ 40,869,694	\$ 43,783,215	\$ 216,061,886
Draft Budget Uses of Funds	\$ 44,728,634	\$ 85,608,810	\$ 1,029,123	\$ 40,869,694	\$ 43,927,902	\$ 216,164,163
Miscellaneous Information Technology Budget Adjustments	(9,595)	-	-	-	-	(9,595)
Added Feasibility Study for Pump Automation in Fund 301	-	-	-	150,000	-	150,000
Added Weir Flap Gate Modifications Project in Fund 301	-	-	-	130,000	-	130,000
Change in Reserves for 17% Cash Flow	(50,854)	-	-	-	-	(50,854)
Change in Reserves for Operational Support	(377,000)	(46,000)	-	-	(149,000)	(572,000)
Change in Personnel Expenditures	265,318	3,512	-	-	120,605	389,435
Reduction in Workers Compensation	(54,864)	(4,380)	-	-	(40,405)	(99,649)
Reduction in General Liability Insurance	(500,000)	-	-	-	-	(500,000)
Ending Fund Balance	769,405	46,868	-	(280,000)	(75,887)	460,386
Tentative Budget Uses of Funds	\$ 44,771,044	\$ 85,608,810	\$ 1,029,123	\$ 40,869,694	\$ 43,783,215	\$ 216,061,886