



AGENDA MEMORANDUM Department

Finance

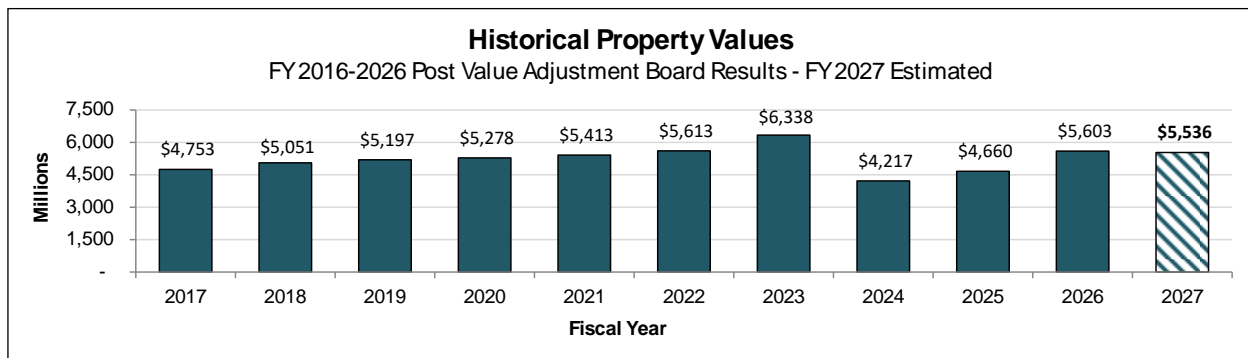
City Council Workshop Date: June 16, 2026

To: City Council
From: Dana A. Souza, City Manager
Steve C. Chaipel, Deputy City Manager/CFO
Date: June 14, 2026

SUBJECT: Fiscal Year 2027 Budget Adoption Workshop

DISCUSSION: The fiscal year 2027 budget adoption process includes two workshops for the City Council to review and discuss the proposed operating and capital budgets presented by the City Manager. Today's workshop will present the initial draft operating budget and includes the proposed capital budget presented at the June 2, 2026, City Council regular meeting. There is also a workshop scheduled for August 18, 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 \$5,536,341,000 decreased 1.75% from the taxable values used for the fiscal year 2026 budget received in July 2025. At the same operating millage rate that was assessed in fiscal year 2026 (2.5000), the reduction in values would result in a **decrease** of approximately \$238,800 in revenue to the General Fund. The following chart shows the taxable values of the City for the last 10 years.



On or around July 1, 2026, 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 21, 2026, meeting.

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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.

Fiscal Year 2027 Proposed Operating 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 want to review.						
Data Updated Jun 10, 2026 7:35 PM						
View		Total City		Modified ▾		
Expand / Collapse	FY 25 Adopted	FY 26 Adopted	FY 27 Proposed	Calculation	Calculation	
	FY2025	FY2026	FY2027	\$ Variance From FY 2026	% Variance From FY 2026	
Operating Expenses	\$43,835,511	\$44,727,497	\$44,133,458	(\$594,039)	(1.33%)	
General Government	\$8,988,252	\$10,799,059	\$10,387,131	(\$411,928)	(3.81%)	
Public Safety	\$13,961,964	\$13,792,877	\$13,052,818	(\$740,059)	(5.37%)	
Physical Environment	\$7,014,440	\$8,340,310	\$8,613,978	\$273,668	3.28%	
Public Works	\$9,874,034	\$7,644,186	\$7,655,025	\$10,839	0.14%	
Economic Environment	\$415,320	\$457,427	\$468,539	\$11,112	2.43%	
Culture & Recreation	\$3,581,501	\$3,693,638	\$3,955,967	\$262,329	7.10%	
Total Appropriations	\$43,835,511	\$44,727,497	\$44,133,458	-	-	

All Council authorized personnel positions are budgeted. The proposed budgets do not include requests for any new positions. A 6.5% wage increase is included in the proposed budget for sworn officers, per year two of the three-year contract the Council authorized last year. There are no increases in general employee wages, or any health care increases currently in the proposed budget.

Capital Improvement Plan

The capital improvement plan that is linked on the agenda has not changed since the last Council meeting. The City adopts a one-year budget annually (Fiscal Year 2027). Additional years are provided as supplemental information and are subject to appropriation in future years. The FY 2027 proposed capital improvement plan requests a total of \$71.9 million, including a carried-forward amount of \$27.6 million for projects that were in the approved fiscal year 2026 capital improvement plan but are not anticipated to be completed fully in fiscal year 2026.

The fiscal year 2027 capital improvement plan does not include any Hurricane Ian FEMA recovery projects. Since the storm, the City has been working with FEMA representatives to obligate public assistance projects. However, due to the length of time it has taken to work projects, and the fact that several large projects for the City have been denied by FEMA and we are working through the appeals process, resources for hurricane projects will not be included in the budget until the specific project has been obligated by FEMA. The resources will remain in the Hurricane Ian Fund (F115) as unappropriated fund balance. Once a project is obligated, a budget amendment to appropriate that project will be presented to the City Council for approval.

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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 SOURCE: N/A – discussion only.

RECOMMENDED ACTION: Discussion on operating and capital budget.