



AGENDA MEMORANDUM

Finance Department

City Council Regular Meeting Date: July 16, 2024

To: City Council
From: Steve C. Chaipel, Deputy City Manager/CFO
Date: July 10, 2024

SUBJECT: Shell Harbor Entrance Channel Dredging Initial Assessment

BACKGROUND: In 2011, the City Council created an assessment district for canal dredging at the mouth of the canal into the Shell Harbor neighborhood. This fund was established at the request of the Shell Harbor homeowners for the purpose of tracking revenues and expenditures related to the canal dredging project. The assessment does not provide funding for dredging of the internal canal system, which last occurred in the early 1990's. However, the annual assessments include an amount that can be set aside for analysis of interior dredging needs. Funding for dredging is received from property owners and the Sanibel Marina via an annual assessment and from the General Fund as an interfund transfer.

It has been determined that there will be an annual need for dredging of the entrance to the canal system.

DISCUSSION: On March 18, 2024, the Public Works department issued a request for bids for annual dredging for the fiscal years 2024, 2025, and 2026. For the FY 2024 work, the initial low responsive bidder was Bayside Dredging LLC with a cost of \$190,000. This bid exceeded the available funding in the Shell Harbor assessment district fund. The low bidder was awarded the 3-year contract, and the budget was amended to transfer funding from the General fund to complete the fiscal year 2024 project. Click [here](#) for more information.

The City sets the assessment rates per resolution annually prior to September 1 for the following fiscal year. As discussed at the May meeting linked above, the assessment amount for fiscal year 2025 will include funding adequate to support the annual dredging project plus repay the General fund for the \$30,000 loan that was needed to dredge in fiscal year 2024.

Resolution 24-019 establishes the proposed assessment amounts and sets the date for a public hearing to discuss the assessment. The public hearing will occur at the regular City Council meeting on August 20, 2024 at BIG Arts, 900 Dunlop Road, Sanibel Florida 33957 at 9:10 a.m.

Sanibel is and shall remain a barrier island sanctuary

The proposed assessment amount for each of three parties that are financially responsible for dredging for fiscal year 2025 is detailed below.

FY 2025 Estimated Beginning Fund Balance		\$9,700
FY 2025 Assessment Property Owners (27%)	52,650	
Repayment of FY 2024 Loan	8,100	
FY 2025 Total Property Owner Assessment		60,750
\$125.00 per parcel		
FY 2025 Assessment Marina (40%)	78,000	
Repayment of FY 2024 Loan	12,000	
FY 2025 Total Marina Assessment		90,000
FY 2025 City of Sanibel Transfer (33%)	64,350	
Repayment of FY 2024 Loan	9,900	
FY 2025 Total City of Sanibel Transfer		74,250
Return of FY 2024 Loan to General Fund		(30,000)
FY 2025 Proposed Dredging Costs		(\$195,000)
FY 2025 Estimated Ending Fund Balance		\$9,700

FUNDING SOURCE: Once approved, the final assessment amount will be collected in the following ways:

- Property Owners and the Marina will be assessed on their annual tax bill and collected by the Lee County Tax Collector and remitted to the City
- The City's portion of the assessment and the repayment of the loan will be included in the fiscal year 2025 budget as an interfund transfer.

RECOMMENDED ACTION: Approve Resolution 24-019 setting a proposal assessment rate and setting the date for a public hearing to adopt the final assessment.