



A Summer Update from COTI

For those enjoying a seasonal respite away from the heat and humidity of Florida, enjoy! Meanwhile, there is a lot going on here on Sanibel. In particular, below are three topics which will be covered at the September 11th City Council meetings.

City of Sanibel Budget

The City is well into its annual budget process for the 2018 fiscal year beginning on October 1st. Council has already established a preliminary operating (not including voted debt service) millage rate of 1.9139, the same as last year's. Because property values have increased by slightly over 6 percent, the use of that tax rate would generate a property tax increase. Under Florida law, as the process goes forward, Council may lower the tax rate, but, once established, they cannot increase above this preliminary rate.

The traditional budget goal for Council, not always attained, is to reduce the tax rate at least to the "rolled-back" rate, which would be 1.8132 for fiscal year 2018. If that rate were to apply, the City would collect the same tax amount as it did in 2017, not counting increases attributable to new construction. So, collectively, the tax burden on citizens would not increase.

Getting to the rolled-back rate will require a reduction in budgeted expenditures (or ending fund balances) of about \$500,000. COTI will

support efforts to achieve this outcome.

Here are some of the highlights from the City's proposed 2018 budget that COTI will track:

- The proposed budget shows General Fund total operating expenditures that are 6.6% higher than for the 2017 budget, an increase of about \$825,000.
- A large part of the overall operating expenditure increase is attributable to personnel costs, which, city-wide, will increase by 4.2% or about \$650,000 (budget to budget comparison). Much of this increase relates to funding for employee retirement benefits; these increases are largely mandated by law or by collectively-bargained agreement. But the overall increase does include \$168,000 to fund a reserve for a 2.0% cost of living increase and merit increases of between 0.5% and 1.5%. Given that inflation rates have been low in recent years, COTI will question that cost of living amount.
- The proposed budget shows an unrestricted ending General Fund balance of about \$980,000. Unrestricted ending fund balances are necessary reserves for shortfalls during the year (although such balances are in addition to other funded reserves totaling over \$6 million). However, the adopted FY2017 budget had an unrestricted ending General Fund balance of \$635,000. Reducing the FY2018 ending fund balance to the FY2017 level would save \$345,000 and make progress to achieving the rolled-back tax millage rate.
- The proposed budget for the Beach Parking Fund, an Enterprise Fund, shows a shortfall for 2018 of about \$1.3 million. Part of the reason for the deficit is that the expected annual operating grant from the County Tourist Development Council of \$1.54 million has not been finalized and was therefore not included as budgeted revenue - a departure from the budget treatment last year. Nevertheless, to address the deficit, Council has begun the process of raising beach parking rates; the hourly rate would go to \$5 from \$4.
- In recent years, Council has capped the subsidy from the General Fund to the Recreational Fund at \$1.4 million. During fiscal years 2015-2017, the Fund's operating expenditures exceeded revenue, including the subsidy, by amounts between \$85,000 and \$153,000. The proposed budget includes \$187,000 in expenditure cuts noting that the consequence will be reductions in Recreation Center hours and Camp programs for school children. COTI supports continuation of the subsidy cap, but suggests that other cost savings

or member pricing options be considered to avoid cutbacks in programs benefiting Sanibel's kids.

Council will hold its first public budget hearing at 5:00 PM on Monday, September 11. Attendance and participation is encouraged.

Formula Retail

At a recent meeting, the Planning Commission finalized its position on the "formula retail" issue. Under existing rules, if a person or company wants to establish a retail business on Sanibel and if they are presently conducting the same business (looking at factors such as a common business theme, same product lines, logos, etc.) at any off-island location, then they are considered to be "formula retail." As a consequence, they must obtain a conditional use permit after a hearing before the Planning Commission and, among other implications, would be limited to the use of 2,000 square feet of commercial space.

The current ordinance also provides that when the cumulative total of commercial space used by all formula retail businesses on Sanibel exceeds 50,000, any new conditional use permits must also be approved by City Council and, in so doing, Council must consider certain additional factors from a community perspective including maintaining a balance between serving tourists versus residents and preserving the historic character of the island's commercial sector.

For a better and more complete explanation of the background of these rules, see Larry Schopp's piece which can be found under Recent News on the COTI website, www.coti.org.

When the 50,000 square-foot cumulative total was recently exceeded for the first time, City Council decided to have the Planning Commission review the ordinance with a view to possible liberalization of the provisions.

The Planning Commission's final recommendation is to modify the ordinance in two respects: (a) new businesses will be permitted to have as many as two off-island outlets without being considered "formula retail," and (b) the 50,000 square-foot trigger for additional City Council review will be increased to 60,000. COTI commends the work of the Commission and agrees with their recommendations.

Some in the community have suggested that these two modifications should be even more liberal, that up to four off-island locations could be exempt and the cumulative trigger for additional review could be 70,000 square feet. COTI will instead support the Planning Commission's recommendations.

City Charter Review Committee

The City is progressing with its plan to create a City Charter Review Committee that will, over the next year or so, consider changes to our City Charter. The new committee will report recommendations to City Council which will then decide on which items would go to the voters in a referendum. Presumably, the vote on any charter changes would be included on the ballot in the March 2019 municipal election.

The City is now advertising for applicants to this committee. Applications are done online and must be submitted no later than August 25th. Council will appoint seven regular members and two alternative members. In addition, surviving members of the City's first elected City Council will be invited to serve as ex officio members. We believe the appointments will be made at the September 11th City Council meeting. Seventeen individuals have applied so far.

The new committee will have latitude to consider any charter changes. Topics such as council member compensation, term limits for council and/or planning commission members, and direct election of the mayor are examples of the type of changes that could be proposed.

COTI will focus on ensuring that the provisions of the present charter dealing with sanctuary issues such as residential density, building height, Highway 867 modifications and measures having ecological or environmental import are fully preserved for the benefit of future generations.

We welcome your support on any of these issues.

And, as always, please write to us at coti@coti.org if you have any questions or comments.

Mike Miller
COTI President

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