The seal of the City of Marco Island is centered in the background. It features a circular emblem with a yellow sun rising over a blue sea, with a brown eagle in flight. The emblem is flanked by two palm trees. Below the emblem is a yellow ribbon with the text 'MARCO ISLAND' and 'City of' at the bottom. The entire seal is set against a light blue background.

# Introduction to FY2025-26 Budget Policy Discussion

April 21, 2025

# What You'll See



1. Application and terminology from the Florida Truth in Millage Act
  - a. State law that provides the framework for how the City develops the budget including calendar and public noticing
2. Summaries of City General Fund revenues and expenses
  - a. General Fund only policy (W&S Enterprise Fund and Building Dept Special Revenue Fund)
3. Projected revenues & expenses for FY26
4. Revenue options



# “Rollback” Millage Rate

- ❖ Rollback and the 1980 Truth in Millage Act
  - When setting property tax rates, local govt use as a starting point the tax rate that would bring in the same amount of tax revenue as the prior year. This is called the “rollback rate” (revenue generated by new construction is excluded)
  - Any increase over this rate is characterized as a tax increase which requires public notice
  - Residents receive notice by both City and Property Appraiser

**Marco Island:**

FY20 = 1.8057

FY21 = 1.7610

FY22 = 1.7088

FY23 = 1.4837

FY24 = 1.3137

FY25 = 1.2400

**Hideaway:**

FY20 = 1.0000

FY21 = 1.0000

FY22 = 1.5000

FY23 = 1.5000

FY24 = 1.6000

FY25 = 1.6000

## NOTICE OF PROPOSED TAX INCREASE

The City of Marco Island, Florida has tentatively adopted a measure to increase its property tax levy.

**Last year's property tax levy:**

- A. Initially proposed tax levy.....\$21,601,357
- B. Less tax reductions due to Value Adjustment Board and other assessment changes.....\$35,351
- C. Actual property tax levy.....\$21,566,006

**This year's proposed tax levy.....\$22,114,304**

**All concerned citizens are invited to attend a public hearing on the tax increase to be held on:**

**DATE: Monday, September 18, 2023**

**TIME: 5:30 p.m.**

**PLACE: Community Meeting Room 51 Bald Eagle Drive  
Marco Island, Florida 34145**

**A FINAL DECISION on the proposed tax increase and the budget will be made at this hearing.**

# Budget Calendar



1. April 30: City Special Meeting to address finance questions and future direction
2. May 19: City Budget Policy Workshop
3. June 16: City Capital Budget Workshop
4. July 1: County Property Appraiser certifies property values
5. July 21: City Operating Budget Workshop
6. Mid - August: County Property Appraiser mails TRIM notice (within 55 days of certification)
7. Mid-August: City advertises hearing on tentative millage and budget (15 days prior)
8. September 2: City holds public hearing to set tentative millage and budget (60-85 days from certification)
9. September: City advertises hearing on final millage and budget (2-5 days prior)
10. September 15: City holds hearing to adopt final millage and final budget
11. September 18: City provides Final Budget Resolution to County and State (within 3 days)
12. October 1: New fiscal year begins
13. Oct 18: City submits TRIM compliance package to DOR (within 30 days of hearing)
14. Oct-Nov: DOR sends City compliance letter (within 60 days of final hearing)
15. Oct-Nov: City levies ad valorem taxes allowable by law



# 2024 TRIM Notice

## SUMMARY OF YOUR PROPERTY VALUATION

|                     |             |             |
|---------------------|-------------|-------------|
| <b>Market Value</b> | <b>2023</b> | <b>2024</b> |
|                     | 866,903     | 891,837     |

If you feel that the market value of your property is inaccurate or does not reflect fair market value, or if you are entitled to an exemption or classification that is not reflected below, contact your county property appraiser at: **(239) 252-8141**

If the Property Appraiser's Office is unable to resolve the matter as to the market value, classification, or an exemption, you may file a petition for adjustment with the Value Adjustment Board. Petition forms are available from the County Property Appraiser and must be filed on or before: **5 PM SEPTEMBER 13 2024**

| Taxing Authorities               | Assessed Value |           | Exemptions |           | Taxable Value |           |
|----------------------------------|----------------|-----------|------------|-----------|---------------|-----------|
|                                  | Last Year      | This Year | Last Year  | This Year | Last Year     | This Year |
| County                           | 388,667        | 398,480   | 50,000     | 50,000    | 338,667       | 348,480   |
| Public Schools                   | 388,667        | 398,480   | 25,000     | 25,000    | 363,667       | 373,480   |
| Municipality                     | 388,667        | 398,480   | 50,000     | 50,000    | 338,667       | 348,480   |
| South Florida Water Mgt District | 388,667        | 398,480   | 50,000     | 50,000    | 338,667       | 348,480   |
| Independent Special Districts    | 388,667        | 398,480   | 50,000     | 50,000    | 338,667       | 348,480   |

| Assessment Reductions       | Applies To       | Amount  |
|-----------------------------|------------------|---------|
| Save Our Homes Benefit      | All Taxes        | 493,357 |
| 10% Non-Homestead Cap       | Non-School Taxes | 0       |
| Agricultural Classification | All Taxes        | 0       |
| Working Waterfront          | All Taxes        | 0       |
| Other                       | All Taxes        | 0       |

| Exemptions                    | Applies To       | Amount |
|-------------------------------|------------------|--------|
| First Homestead               | All Taxes        | 25,000 |
| Additional Homestead          | Non-School Taxes | 25,000 |
| Limited Income Senior         | County Taxes     | 0      |
| Limited Income Senior         | City Taxes       | 0      |
| Blind, Widow, Disabled, Other | All Taxes        | 0      |

## NOTICE OF PROPOSED AD VALOREM ASSESSMENTS

| TAXING AUTHORITIES |  | COLUMN 1*                     |                             | COLUMN 2*   |  | COLUMN 3*  |                               | PUBLIC HEARING INFORMATION<br>A public hearing on the proposed taxes<br>And budget will be held on: |            |          |
|--------------------|--|-------------------------------|-----------------------------|---|--|--|-------------------------------|---|------------|----------|
|                    |  | Your Property Taxes Last Year | Last Year's Actual Tax Rate | Your Taxes This Year IF NO Budget Change Is Adopted | Your Tax Rate This Year IF NO Budget Change is Adopted | Your Taxes This Year if PROPOSED Budget is Adopted | This Year's PROPOSED Tax Rate | *Location Number  | Date       | Time     |
| <b>A</b>           | County:<br>GENERAL FUND  | \$1,170.03                    | 3.4548                      | \$1,130.78  | 3.2449   | \$1,203.93   | 3.4548                        | 1   | 09/05/2024 | 05:05 PM |
| <b>B</b>           | Public Schools:  |                               |                             |   |  |  |                               |   |            |          |
|                    | SCHOOL BOARD - STATE LAW   | \$743.34                      | 2.0440                      | \$752.23  | 2.0141   | \$777.59   | 2.0820                        | 2   | 09/10/2024 | 05:05 PM |
|                    | SCHOOL BOARD - LOCAL BOARD                                       | \$817.52                      | 2.2480                      | \$827.30  | 2.2151   | \$833.31   | 2.2312                        | 2   | 09/10/2024 | 05:05 PM |
| <b>C</b>           | Municipality:<br>OPERATING CITY OF MARCO ISL                     | \$444.91                      | 1.3137                      | \$432.12  | 1.2400   | \$432.12   | 1.2400                        | 5   | 09/09/2024 | 05:30 PM |
| <b>D</b>           | South Florida Water Mgt District:<br>WATER MAN/BIG CYPRESS BASIN | \$65.23                       | 0.1926                      | \$62.31   | 0.1788   | \$67.12  | 0.1926                        | 6   | 09/12/2024 | 05:15 PM |
| <b>E</b>           | Independent Districts:<br>COLLIER MOSQUITO CONTROL               | \$48.87                       | 0.1443                      | \$47.01   | 0.1349   | \$47.01  | 0.1349                        | 7   | 09/12/2024 | 05:01 PM |

## 2023 vs. 2024 tax bill (homestead)

| Assessed Value                    | District                      | Mill Rate | Assessed Value | Exempt Amt              | Taxable Value | Tax Amount |
|-----------------------------------|-------------------------------|-----------|----------------|-------------------------|---------------|------------|
| 667,358                           | GENERAL FUND                  | 3.2043    | 667,358        | 50,000                  | 617,358       | 1,978.20   |
|                                   | WATER MANAGEMENT FUND-SOUTH   | 0.0948    | 667,358        | 50,000                  | 617,358       | 58.53      |
|                                   | BIG CYPRESS BASIN             | 0.0978    | 667,358        | 50,000                  | 617,358       | 60.38      |
| Exemptions                        | SCHOOL BOARD - STATE LAW      | 2.0440    | 667,358        | 25,000                  | 642,358       | 1,312.98   |
|                                   | SCHOOL BOARD - LOCAL BOARD    | 2.2480    | 667,358        | 25,000                  | 642,358       | 1,444.02   |
| Additional Homestead<br>Homestead | COLLIER MOSQUITO CONTROL      | 0.1443    | 667,358        | 50,000                  | 617,358       | 89.08      |
|                                   | C.C. WATER POLLUTION CTRL PGM | 0.0263    | 667,358        | 50,000                  | 617,358       | 16.24      |
|                                   | OPERATING CITY OF MARCO ISL   | 1.3137    | 667,358        | 50,000                  | 617,358       | 811.02     |
|                                   | CONSERVATION COLLIER          | 0.2242    | 667,358        | 50,000                  | 617,358       | 138.41     |
|                                   |                               |           |                |                         |               |            |
| <b>Millage Total</b>              |                               |           | 9.3974         | <b>Total Ad Valorem</b> |               | \$5,908.86 |

| Assessed Value                    | District                      | Mill Rate | Assessed Value | Exempt Amt              | Taxable Value | Tax Amount |
|-----------------------------------|-------------------------------|-----------|----------------|-------------------------|---------------|------------|
| 687,379                           | GENERAL FUND                  | 3.0107    | 687,379        | 50,000                  | 637,379       | 1,918.96   |
|                                   | WATER MANAGEMENT FUND-SOUTH   | 0.0948    | 687,379        | 50,000                  | 637,379       | 60.42      |
|                                   | BIG CYPRESS BASIN             | 0.0978    | 687,379        | 50,000                  | 637,379       | 62.34      |
| Exemptions                        | SCHOOL BOARD - STATE LAW      | 2.0820    | 687,379        | 25,000                  | 662,379       | 1,379.07   |
|                                   | SCHOOL BOARD - LOCAL BOARD    | 2.2312    | 687,379        | 25,000                  | 662,379       | 1,477.90   |
| Additional Homestead<br>Homestead | COLLIER MOSQUITO CONTROL      | 0.1349    | 687,379        | 50,000                  | 637,379       | 85.98      |
|                                   | C.C. WATER POLLUTION CTRL PGM | 0.0246    | 687,379        | 50,000                  | 637,379       | 15.68      |
|                                   | OPERATING CITY OF MARCO ISL   | 1.2400    | 687,379        | 50,000                  | 637,379       | 790.35     |
|                                   | CONSERVATION COLLIER          | 0.2096    | 687,379        | 50,000                  | 637,379       | 133.59     |
|                                   |                               |           |                |                         |               |            |
| <b>Millage Total</b>              |                               |           | 9.1256         | <b>Total Ad Valorem</b> |               | \$5,924.29 |

# Millage Across Florida



- 393 municipalities reported:
  - **Average municipal millage in 2024: 4.8280**
  - Marco Island millage in 2024: 1.3137
- 32 adopted rollback
- 10 lowered millage
- 60 increased millage
- 231 adopted same millage (level)
- 60 adopted millage between rollback and level
  - Sunny Isles Beach (pop. 22k) rollback: 1.7393; level: 1.9000; adopted: 1.8000
- Only 16 of the 393 cities/villages/towns have lower millage than Marco Island
  - Majority are not full-service cities





# General Fund Revenue



| Year  | Ad Valorem Revenue | Other General Fund Revenue |
|-------|--------------------|----------------------------|
| 2020  | \$19M              | \$8.6M                     |
| 2021  | \$19.3M            | \$10.4M                    |
| 2022  | \$19.5M            | \$10M                      |
| 2023  | \$19.7M            | \$12.2M                    |
| 2024  | \$20M              | \$14M                      |
| 2025* | \$20.2M            | \$11.4M                    |

\* 2025 forecast

## ❖ Key Take Aways:

- Largest source of revenue is property taxes (65%) – and the one we can control. “Other GF revenue” includes state ½ cent sales tax, local option fuel tax, state revenue sharing, interest earnings
- Decrease in revenue FY25: reduction in interest earnings, fire insurance premiums





# “Other” General Fund Revenue

- State ½ cent sales tax (3M)
- Interest earnings (1.5M)
- Fuel tax (1.1M)
- Interfund transfers/Utility (1.1M)
- Admin Charge (Utility) (1M)
- State Revenue Sharing (850k)
- Police and Fire service fees (620k)
- Admin Charge (Bldg) (400k)
- Insurance premiums police and fire (300k)
- Communications Service Tax (360k)
- Land Use fees (225k)
- Code fees (150k)
- Payment in lieu of tax – fire (110k)
- Miscellaneous (100k)
- Public Safety local revenue (43k)
- Franchise Fee – gas (35k)
- Alcohol and Beverage License (25k)
- Local business tax (25k)
- Rental income (20k)
- Donations (20k)
- Beach vendor permits (20k)

# General Fund Appropriations



| Year  | Total GF Revenue | Transfer to CIP | Transfer to Debt Service | GF Operating Expenses | Total GF Expenses | Net change |
|-------|------------------|-----------------|--------------------------|-----------------------|-------------------|------------|
| 2020  | \$27.7M          | \$6.1M          | \$700k                   | \$21.2M               | \$28M             | -1.08%     |
| 2021  | \$29.6M          | \$8M            | \$400k                   | \$21.6M               | \$30M             | -1.34%     |
| 2022  | \$29.6M          | \$4.4M          | \$900k                   | \$23M                 | \$28.3M           | 4.49%      |
| 2023  | \$31.9M          | \$4.6M          | \$1.5M                   | \$25.3M               | \$31.4M           | 1.58%      |
| 2024  | \$34M            | \$4.1M          | \$1.5M                   | \$27.1M               | \$32.7M           | 3.90%      |
| 2025* | \$31.6M          | \$2.3M          | \$1.6M                   | \$27M                 | \$30.9M           | -          |

\* 2025 forecast

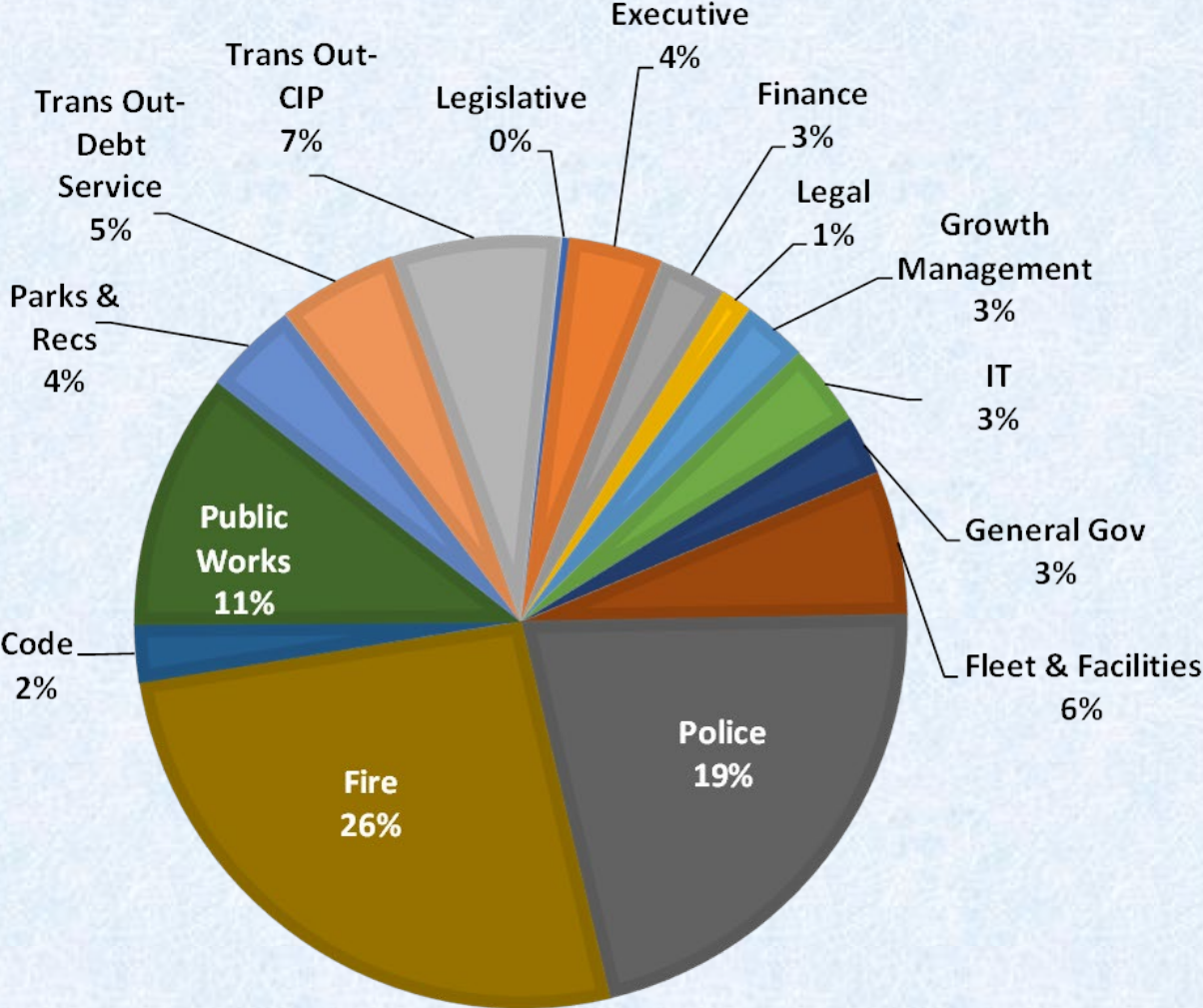
## Key Take Aways:

- ❖ Increases in operating expenses, increases in debt service (FS50, VCP, Smokehouse Bridge, FD equipment leases)
- ❖ 2025 lowered CIP and reimbursement from utility
- ❖ County one cent sales tax from FY19-FY24 generated \$24M; no current capital revenue source

# Understanding Expenses



FY25 GENERAL FUND EXPENDITURES





# Increasing Expenses



## Cost Escalation:

### Operating

- Health insurance
- Property insurance
- Compensation
- FD/PD contract increases
- Service contract increase
- Fuel

### Operating Capital

- Construction materials
- Vehicles

## Cost Savings (FY23/FY24):

- ❖ Use of smaller/shared vehicles
- ❖ In-source vs. contracts (custodial/electrical)
- ❖ LED retrofit
- ❖ Eliminated PM position Facilities
- ❖ Training/Travel
- ❖ Over time



# FY24 Fund Balance (unaudited)

|  |              |
|--|--------------|
| • Year End Fund Balance (General Fund):    | \$15,403,744 |
| • Minus Emergency Reserves                 | - 6,653,227  |
| • Minus payments owed from FEMA            | - 4,578,492  |
| <hr/>                                      |              |
| • Total Unrestricted Funds:                | \$4,172,025  |
| (often referred to as unassigned reserves) |              |

# FY26 Expense Escalation




| Expenditure Increase Estimates                   | General Fund       |
|--|--------------------|
| Wages (6% Police; 5% Fire; 3% General)           | \$650,419          |
| Retirement contributions                         | \$270,900          |
| Health, Life, Dental (est. 15% increase)         | \$423,890          |
| Fuel (est. 10% increase)                         | \$28,405           |
| Property/Liability insurance (est. 10% increase) | \$99,533           |
| <b>INCREASE IN GF EXPENSES FY26</b>              | <b>\$1,473,147</b> |



# FY26 Revenue Options



| Revenue Estimates                        | General Fund  |
|--|---|
| Increase in Ad Valorem Tax (at rollback) | \$304,701 (1.1862 mills)  |
| Increase in Activity Based Revenue       | 0   |
| Increase in Interest Revenue             | 0   |
| Increase in Ad Valorem Tax (Level)       | \$937,206 additional (1.2400)  |
| Increase in Communications Tax           | \$350,000 additional  |
| Add LCEC franchise fee at 6%             | \$3,059,652 new OR  |
| Add LCEC franchise fee at 3%             | \$1,529,827 new   |

**Total additional revenue under status quo budget: \$304,701**

**Optional additional revenue: Between \$350,000 and \$4,346,858**

- 312 cities levy either a utility tax, utility franchise fee, or both
- Collected by provider; provider remits to municipality
- LCEC customers: Cape Coral 3%; Everglades City 3%; Marco Island eliminated fee in 2009; Sanibel 3%; Lee County 4.5% (\$280 monthly bill x 3% = \$8 increase)



# Increased Level of Service Costs

| <u>Increased level of service recommendations:</u>              |                  |
|---|------------------|
| Facilities est. additional maintenance costs (#1 priority area) | \$428,967        |
| Public Works est. additional maintenance costs                  | \$261,000        |
| 4% wage adjustment based on FY25 salary study                   | \$300,795        |
| <b>INCREASE IN GF FY26 (optional/recommended)</b>               | <b>\$990,762</b> |

| Revenue Estimates                        | General Fund         |
|--|----------------------|
| Increase in Ad Valorem Tax (at rollback) | \$304,701            |
| Increase in Activity Based Revenue       | 0                    |
| Increase in Interest Revenue             | 0                    |
| Increase in Ad Valorem Tax (Level)       | \$937,206 additional |
| Increase in Communications Tax           | \$350,000 additional |
| Add LCEC franchise fee at 6%             | \$3,059,652 new OR   |
| Add LCEC franchise fee at 3%             | \$1,529,827 new      |
|  | <b>\$2,771,734</b>   |

| Expenditure Increase Estimates                                  | General Fund       |
|---|--------------------|
| Wages (6% Police; 5% Fire; 3% General)                          | \$650,419          |
| Retirement contributions  | \$270,900          |
| Health, Life, Dental (est. 15% increase)                        | \$423,890          |
| Fuel (est. 10% increase)  | \$28,405           |
| Property/Liability insurance (est. 10% increase)                | \$99,533           |
| <b>INCREASE IN GF EXPENSES FY26</b>                             | <b>\$1,473,147</b> |
| <u>Increased level of service recommendations:</u>              |                    |
| Facilities est. additional maintenance costs (#1 priority area) | \$428,967          |
| Public Works est. additional maintenance costs                  | \$261,000          |
| 4% wage adjustment based on FY25 salary study                   | \$300,795          |
| <b>TOTAL INCREASE IN GF EXPENSES FY26</b>                       | <b>\$2,463,909</b> |



# Next Steps:

1. Discussion and questions tonight
2. Special session to build policy for FY26 budget April 30
3. Future CIP funding discussion April – June



**THANK YOU!**