



**CITY OF PUNTA GORDA  
OFFICE OF THE CITY MANAGER**

To: City Council Members  
From: Dr. Melissa Reichert  
Date: August 15, 2025  
Subject: FY 2026 Proposed Budget

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**MISSION STATEMENT**

**“To preserve and enhance Punta Gorda’s identity as a vibrant waterfront community, unique in character and history; and as a desirable place to live, work and visit.”**

**Members of City Council,**

Through hard work, prudent fiscal management, and sound decision-making, we are able to present a proposed FY 2026 budget that maintains healthy reserves, advances our strategic plan objectives, and provides for essential services—all while reducing the millage rate to the roll-back rate of **3.8686**. This ensures the City’s portion of the typical residential property tax bill remains **25% or less**, excluding non-ad valorem assessments.

The Charlotte County Property Appraiser has reported a **2.3% increase in taxable property values Citywide**. New construction, annexations, and other adjustments added \$12.2 million in value—down from \$30.8 million last year—primarily due to hurricane-related property damage. Despite this reduction, the proposed budget allows the City to fund infrastructure priorities and add needed personnel while preserving reserves. These additions include public safety staffing to meet current safety standards, reduce overtime, and enhance service delivery, as well as other essential positions identified in our personnel management plan.

The **FY 2026 General Fund Budget**, net of ending reserve, totals **\$37.0 million**—an increase of \$1.6 million, or **4.5%**, over the original FY 2025 budget. This plan reflects a comprehensive five-year forecast, with approved personnel and capital replacement requirements reviewed annually to ensure fiscal sustainability. Since FY 2008, the General Fund has grown by an average of 4.7% annually, accounting for inflationary pressures, planned staffing adjustments, and necessary investments in infrastructure maintenance.

State revenue projections for key tax sources show a modest range of changes, from a projected **3.6% decrease in 1% sales tax**—due to the City’s reduced share of countywide population—to a **1.3% increase in municipal revenue sharing**. Projections for communications and gas taxes have not yet been released; adjustments will be made to the budget as those estimates are received. The City continues to budget conservatively at **95%–100% of state projections**.

Maintaining adequate reserves remains a top priority. Using a five-year forecast of planned needs and priorities, the City uses current reserves to balance the budget where needed and to identify future shortfalls that need to be addressed, thereby never falling below the 16.7% national standard in any given year. This reserve strategy ensures Punta Gorda remains fiscally sound and capable of responding to future hurricanes or other emergencies.

Looking ahead, the FY 2026 focus builds upon the foundation of our first five-year plan. Priorities include **long-term infrastructure planning and funding, growth management, impact fee adjustments, investment in water, sewer, and drainage systems, and maximizing grant opportunities** to offset local costs.

I am proud to work alongside an actively engaged City Council, a talented and committed workforce, and a community that values careful stewardship of its resources. Our approach combines a practical, data-driven budget with a strategic vision—positioning Punta Gorda to maintain service excellence, meet infrastructure needs, and continue building a bright future.

**Respectfully submitted,**

*Melissa Reichert*

City Manager

Initial budgetary factors:

- The Charlotte County Property Appraiser reported that taxable property values increased Citywide 2.3%.
- Increased value from new construction, annexations and other adjustments in the City is \$12.2 million, down from \$30.8 million the previous year, mainly due to hurricane damaged homes decreasing values.
- The proposed FY 2026 General Fund Budget, net of ending reserve, totals \$37.0 million, which is \$1.6 million or 4.5% more than the original FY 2025 budget (see next bullet).
- That includes a five-year plan for approved personnel and planned use of reserves in the proforma. Approved personnel in the five-year plan would still be reviewed each fiscal year.
- The cumulative increase in the general fund since FY 2008 is 80.5%, which averages to an approximate 4.7% increase per year. This includes the planned position increases and personnel related costs, as well as the cost increases being felt due to the significant increase in inflationary factors, and planned funding to address infrastructure maintenance needs and other considerations.
- State revenue projections for various taxes show a slight spread of changes ranging from a 3.6% decrease in 1% sales tax due to decrease in City's population percentage to a 1.3% increase in municipal revenue sharing. Other items include local government taxes, communication taxes, and gas taxes. The City budgets 95%-100% of the state projections. State projections for communication services tax and gas taxes have not been released. Adjustment to these estimated taxes may be needed.
- The proposed millage rate is reduced to the roll back rate of 3.8686. The City's portion of a residential tax bill, excluding non-ad valorem assessments, has generally been 25% or less and is anticipated to remain the same.

- The majority of ad-valorem taxes paid are for services provided by Charlotte County government and Charlotte County School system.
- Considerations for the proposed millage rate include:
  - the 5-year proforma;
  - a comprehensive 5-year plan to lend perspective on City operations. This long term strategic budgetary plan incorporates capital replacement requirements, operating impacts, personnel requirements, and fiscal targets over the term in order to project needs and manage millage rate adjustments properly;
  - the number of fire/medic personnel required where current safety standards mandate more;
  - other operating personnel have been previously reduced and additional needs have been identified;
  - service costs increases due to increased labor and material costs are being experienced nationwide.
- To assist you in measuring our performance, City Council approves an annual Strategic Plan. Action items to be undertaken during FY 2026 as part of the five strategic priority areas identified in the Plan are incorporated into the annual budget and the City’s five-year capital improvements program.
- The Long Range Financial Plan has been updated for the City’s major fund groups. The Plan highlights revenue and expenditure trends over a five-year timeframe and recommends strategies to minimize projected budgetary gaps, tax and/or fee increases. Information gleaned from the Plan was used to formulate guidelines for FY 2026 budget preparation.
- Since the change in Consumer Price Index (CPI) as reflected in the State “Save Our Homes” Legislation is 2.9%, the cap of 2.9% will be used for FY 2026. This means no matter how high the market value of a homestead property increases, the assessed value can only rise 2.9%.
- The first year of Amendment 5 of Save our Homes also adjusts the second \$25,000 portion of the homestead exemption by the CPI of 2.9%.

As our nation and city navigate a shifting economy with an expected period of slower growth, potential recessionary risks, and continued inflationary pressures, the City is committed to balancing its needs with responsible funding for essential services. Additionally, we are still recovering from Hurricanes Ian, Idalia, Helene, and Milton, which requires us to secure matching funds for FEMA projects and cover expenses not addressed by insurance or FEMA. This proposed budget carefully aligns conservative revenue projections with available resources, ensuring we continue to enhance our community's quality of life while managing costs effectively.

## **STRATEGIC PLAN**

The Strategic Plan (herein referred to as the “Plan”) is used to set the overall goals for the City, provide direction to City departments, and create the basis for each year’s annual budget and five-year capital improvements program. The plan provides a tool for more effective and economical operations and demonstrates to the public that careful consideration has been given to future

development and direction of the organization. The Plan provides a realistic view of the expectations for the organization and community at-large. This diagram shows how the pieces of the Plan fit together.



On April 27, 2005, City Council approved moving forward with development of its first strategic plan by soliciting input from residents, civic groups, ad-hoc boards and committees, as well as staff on priorities to be addressed. Since 2005, the City has annually adopted a strategic plan. The FY 2021 Plan, which was developed after solicitation of input and engagement from the entire community followed by two workshops focusing on all elements of what make up a strategic plan, formed the base from which future action items evolved. The FY 2022 Strategic Plan included the new five year staffing plan, forward looking action items, and a message from the City Manager addressing the budget necessary to implement the strategic plan. The FY 2023 Plan included a strong technology focus. The FY 2025 Plan created a sustainable structure and a renewed focus on accountability. The FY 2026 Plan focuses on long-term planning for infrastructure with necessary funding, along with long-term growth management.

Action items accomplished as part of the FY 2025 Plan are highlighted within each respective strategic priority area.

#### *Financial/Economic Sustainability*

- Updated the long range financial plan for the major fund groups and continued to assess the City’s financial management policies with nationally recognized standards.
- Prepared FY 2026 budget with an emphasis on adjusting impact fees, investing in water and sewer infrastructure, planning for drainage projects, and seeking funding for projects through grant opportunities.
- Updated five year citywide staffing needs analysis.
- Updated plan for all major infrastructure categories to include fleet, equipment, buildings, grounds, streets, utilities and lighting.
- Discussions with insurance provider and FEMA ongoing for Hurricane Ian, Milton and Helene recovery efforts.

#### *Infrastructure Sustainability*

- Hurricane repairs completed at City Hall Annex, Herald Court Centre City Offices, Public Works and Utilities.
- Replacement of approximately 5.5 miles of seawalls damaged by Hurricane Ian in PGI and BSI.
- Boca Grande area environmental study completed.
- 66 properties are under going drainage improvements.
- Purchased additional seawall forms.
- Completed resurfacing on 3.49 miles of road way with the annual programs for street resurfacing program.
- Waste Water Treatment Plant Improvements project continuing.

- Completed Waste Water Treatment Plant Deep Injection Well Mechanical Integrity Testing (MIT)

#### *Partnerships, Communication & Collaboration*

- Completed fifteenth Citizen’s Academy, providing residents and business owners an overview of the City organization: administration, finance, public safety, public works, utilities and urban design.
- Partnered with TEAM Punta Gorda for the Gilchrist Park and Veteran’s Park cleanup.
- Continued working with Peace River Wildlife Center on their relocation to the Henry Street Campus.
- Launched 1% Sales Tax Committee
- Disseminated information through a network of partners.
- Hosted a fourth successful Public Safety Youth Academy.
- Partnered with area non-profits for the Fall Fun Fest and Citizens Summit

#### *Strategic Communications Positioning*

- Implemented a new tool for project tracking through StoryMaps
- Utilized Text My Gov to provide residents streamlined communication with the City.
- Continued dissemination of Punta Gorda brochure throughout community and marketing partners to include local hotels, chambers of commerce, Event Center, visitors’ bureau, Punta Gorda Airport, and Sunseeker.
- A positive message greets visitors through strategic advertisements in both the Punta Gorda Chamber of Commerce and Charlotte County Chamber of Commerce guides.
- Continued Punta Gorda Developments newsletter and continued dissemination on periodic basis. Newsletter highlights projects in planning, under construction and completed.
- Promoted community amenities on Facebook, Twitter and Instagram.
- Held workshops on key community issues.
- Wrote 52 columns for the Sun about relevant city information.

#### *Quality of Life*

- Parking lot completed for the Henry Street Campus.
- Laishley Park Interactive Fountain Playground will open by the last week in August.
- Youth Public Safety Academy held.
- The Punta Gorda Fire Department offers quarterly Family and Friends® CPR course of instruction. Additionally, the department has integrated a “Stop the Bleed” course content into all CPR courses.
- The Citizens Advisory Council and Business Advisory Council was combined to enhance attendance. Now called Chief’s Advisory Council.
- Annual Family Fun Day held at the Public Safety Building.

The FY 2026 Strategic Plan Action Items have three distinct elements that help transform the City’s vision into reality. They are:

- Strategies: The Plan document contains the strategies that the City will pursue and action items on how to achieve the strategies. Strategies and action items are funded through the

annual budget, five-year capital improvements program and partnerships with other public, non-profit and private organizations.

- Key Performance Measures: Metrics that the City uses as sources of evidence to determine if its strategies are having their intended impact.
- Financial Plan: The City performs multi-year fiscal forecasting to show the long term impacts of its decisions, model different scenarios and identify/address financial issues well before they are realized. The forecasts are included in the Long Range Financial Plan presented to City Council in January or February of each year.

The three strategic priorities and attendant goals are:

#### *Financial/Economic Sustainability*

- Goal: Continue best management practices in financial planning and appropriate reserves policies to maintain the national standard of 16.7%.
- Goal: Identify sustainable spending policies and appropriate technologies to support business operations through operational audits and investments in new technology that connect the City with the community.
- Goal: Strengthen and diversify the City's tax base to increase the commercial base, for example, through annexation by annexing three properties per year over the next five years.
- Goal: Support Charlotte County efforts to facilitate and nurture high priority economic development projects through monthly one on one meetings with Council and City Manager.
- Goal: Ensure the competitiveness of Punta Gorda's business climate through continuous participation in the Economic Development Partnership, Punta Gorda Chamber of Commerce and conducting studies as needed.
- Goal: Enhance workforce development and diversity in the City organization through intentional succession planning and investment in employee training programs.
- Goal: Encourage strategic commercial development through the implementation of Land Development Regulations and Codes. being put into.

#### *Infrastructure Sustainability*

- Goal: Maintain and enhance the City's infrastructure to ensure efficient and effective service delivery and quality aesthetic appeal.
- Goal: Complete the 18-mile pedestrian/bicycle pathway connecting all neighborhoods through collaboration with applicable granting agencies and City investment in pathways by June 2028.
- Goal: Maximize use of technology in applicable areas through capital budgeting procedures and investment in learning opportunities for staff.
- Goal: Apply best management practices and systems in infrastructure maintenance.
- Goal: Establish a five-year capital improvements program that ensures infrastructure is in place to meet projected growth demands and update the plan on an annual basis.

#### *Quality of Place*

- Goal: Optimize waterfront, bicycle and pedestrian assets of the City.

- Goal: Support and assist community efforts to address City priorities through recognition and process initiatives.
- Goal: Coordinate with stakeholders in promoting Punta Gorda as a boating, fishing and bicycle-friendly destination.
- Goal: Support and facilitate the marketing of Punta Gorda’s assets as a core to a vibrant downtown.
- Goal: Optimize expertise of regional and local partners (i.e. Charlotte Harbor Tourism Bureau, Chambers of Commerce, Realtor Association, Economic Development Partnership, tourism-oriented private sector) to achieve stated objectives.
- Goal: Make Downtown a vibrant and attractive place through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.
- Goal: Encourage strategic commercial development through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.
- Goal: Support, promote and maintain the City’s historic character.
- Goal: Maintain the City’s high safety rating, emergency response and storm preparedness.
- Goal: Meet all water quality standards (primary and secondary).
- Goal: Ensure a diversity of housing stock that is attainable for all income levels, racial backgrounds, life stages and abilities through implementing recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.
- Goal: Continue Universal Accessibility transition plan efforts within the City.
- Goal: Continue planning and implementing climate change strategies that; 1) protect significant natural resources; and 2) support economic growth, improve protection of life and property in hazardous areas.
- Goal: Diversify Housing Types through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.
- Goal: Emphasize transparency in City operations, reporting, and activities.
- Goal: Continue to seek community input in decision making process.

The Plan helps us stay focused in our near term objectives and tasks, while still keeping our eye on the long range perspective of our actions. Our strategic plan is dynamic and can be adjusted or molded from time to time as needed. It is a working document that evolves as development takes place. Throughout the year, we will provide status reports on our progress. In this way, it is a document by which we can measure our success and by which the community can evaluate our performance.

In linking the City’s strategic plan to development of the operating budget, each City department/division identified one or more of the three strategic priorities that significantly contribute towards achieving objectives.

## **ECONOMIC OUTLOOK**

National and state economies are key factors in assessing the City’s future fiscal picture. Changes in the national, state and local economies can affect both revenues and expenditures, due to the

impact on sales tax receipts and the costs and demand of providing city services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that Punta Gorda and the Southwest Florida region as a whole often behave differently, displaying economic trends and reflecting experience that may lag or precede observed changes elsewhere.

## **National Economic Outlook**

The January 2025 budget and economic outlook and updated March 2025 long-term budget outlook from the Congressional Budget Office (CBO) include the following key points:

- The update and forecast reflects economic developments as of December 4, 2024 and legislation enacted through January 6, 2025.
- In CBO's projections, the federal deficit equals 6.2 percent of gross domestic product (GDP) in 2025, declines to 5.2 percent by 2027, and then begins increasing again. Still higher than the 3.8 percent that deficits have averaged over the past 50 years
- By the end of 2025, federal debt equals 100 percent of GDP. Debt then rises to 118 percent in FY 2035 surpassing the historical high of 106 percent in 1946.
- In 2025, outlays fall to 23.3 percent of GDP, then remain close to that through 2028, when they begin increasing to 24.4 percent by 2035. The increase is due to spending for Social Security and Medicare and rising interest as debt mounts.
- Revenues fall to 17.1 percent of GDP in 2025 and then rise to 18.2 percent by 2027, when the scheduled expiration of certain provisions of the 2017 tax act causes receipts to increase.
- Real GDP is expected to slow from prior year estimated growth of 2.3 percent to 1.9 percent in 2025 and 1.8 percent in 2026 with higher unemployment, lower inflation rates, and slowing consumer spending and investment in private nonresidential construction.
- The forecast projects the unemployment rate to rise from 4.3 percent in 2025 to 4.4 percent by the end of 2026 then declining gradually to 4.3 percent by 2035.
- The employment cost index for workers in private industry is still estimated to grow by 3.9 percent in 2024, 3.5 percent in 2025 and will slow to 3.1 percent annual growth by 2029 due to slowing demands and falling inflation.
- The rate of inflation continues to exceed the Federal Reserve's long-run goal of 2 percent through 2026. The rate of inflation using the personal consumption expenditures (PCE) price index is expected to slow to 2.1 percent by 2026 and stabilize thereafter.
- The interest rate on 10-year Treasury notes is expected to decline from 4.4 percent to 3.9 percent at the end of 2026 and to remain flat after that.
- The Federal Reserve forecasts the federal funds rate lowering to 3.7 percent through the end of 2025 with continued reductions through 2026 to 3.4 percent. It is projected to fall to 3 percent by the end of 2030.
- CBO constructs its economic forecast to fall in the middle range of outcomes given tax and spending policies embodied in current law and the economic data available. That forecast is subject to a large amount of uncertainty about such factors as economic growth, strength of the labor market, net immigration, increases in prices and wages, credit conditions, productivity growth, interest rates and the Federal Reserve's monetary policy, developments outside the US, effects of previously enacted legislation, and rare, hard-to-predict events that

would have significant economic consequences, such as wars, natural disasters, pandemics, and financial crises.

## **Florida/Southwest Florida Regional Economic Outlook**

The Florida Legislature Office of Economic and Demographic Research issued its Economic Overview in August 2024 and its Long-Range Financial Outlook in December 2024. Key highlights of the reports are delineated below:

- It is expected that the state's GDP growth rate will decelerate for this fiscal year to 2.1 percent and 1.9 percent next fiscal year as businesses and consumers transition from a high inflation and high interest environment to more normal conditions. It will then stabilize to a more characteristic 2-2.1 percent per year.
- Largely on the continuing strength of wage growth, personal income for FY 2025 is expected to slightly exceed FY 2024 at 5.6 percent. After five additional years of at or above 5 percent growth (through FY 2030), annual growth rates are expected to stabilize at 4.9 percent.
- Given the Federal Reserve's actions to cool off the economy through higher interest rates, the unemployment rate is expected to rise through FY 2026 and 2027 to 4.6 percent and then retreating and plateauing in FY 2028 and beyond at 4.0 percent.
- Population growth is the state's primary engine of economic growth, fueling both employment and income growth. Florida is currently the third most populous state. Growth is forecast to average 1.24 percent through 2030, higher than the national average of 0.42 percent. Net migration from other states continues to be the reason as natural increase remains negative with deaths outnumbering births.
- The estimating conference expects single-family starts to see declines in both FY 2025 -8.6 percent and FY 2026 -0.7 percent, then resuming positive growth in FY 2027 and averaging 0.5 percent through FY 2034
- The volume of existing home sales has seen a decline for the third year in row through FY 2024. Mainly due to homeowners finding it difficult to give up lower-interest mortgages. The story is different for sales price. The new forecast shows that prices will continue to have positive growth through FY 2033 although not at record highs.
- Florida tourism is a major component of the state's economy. FY 2024 increase was 3.6 percent and the Conference expects strong growth of 4.6 percent for FY 2025, 3.3 percent for FY 2026, and moderating to 2.7 percent by FY 2033.
- Consumer perceptions reached a record low in June 2022 (50.0) and well below the Great Recession depths, but has seen an increase since to 79.4 in March 2024 but still remains below the long-run average of 84.8.
- Florida's economic stability is vulnerable to the potential impacts of natural disasters, especially major hurricanes. When a federal disaster declaration is issued, the federal government often provides funds in the form of reimbursements and grants for emergency response activities, repairing damage, and protecting areas from future potential disasters. Florida is generally required to provide up to 25 percent of the total cost of the grant as state match, depending on the size and severity of the event.

The Florida Gulf Coast University (FGCU) Regional Economic Research Institute's Southwest Florida Regional Economic Indicators Report published in August 2025 and their indicators dashboard highlights:

- Southwest Florida's seasonally-adjusted unemployment rate in June 2025 is 4.1 percent up 0.6 percent since June 2024.
- Seasonally-adjusted real taxable sales in the five-county region fell 9 percent in May 2025 compared to May 2024.
- Tourist tax revenues were \$8.2 million in 2025, 3 percent above May 2024.
- The Southwest Florida housing market experienced a shift during the 2nd quarter of 2025, influenced by seasonal trends, recent hurricanes, and the overall normalization of the market following the heightened activity of 2021 and 2022. Single-family home sales in the region increased 11 percent in June 2025 compared to the same month last year. Single-family building permits were up less than 1 percent for the same period. Active listings (housing supply) rose by 28 percent since last June.
- Airport passenger activity was up 1 percent in June 2025 compared to June 2024.
- Florida's Consumer Sentiment rose in June 2025 to 83.8 up from 73.2 in June 2024, primarily driven by expectations regarding personal finances.

### **Charlotte County Economic Highlights**

As part of the Southwest Florida region, Charlotte County has undertaken initiatives to enhance its business opportunity environment. Some of the more pertinent initiatives and statistics are:

- Charlotte County continues to notice solid growth in population. The 2024 population estimates from the University of Florida, Bureau of Economic Research (BEER) is 210,645 up from the previous year's estimate of 204,126. It is estimated that 27.3 percent of the population is in the age range of 45-64 and 39.5 percent is 65 or older.
- The taxable property value in the County has increased 8.1 percent from the prior year. Of that amount, 3.5 percent is attributable to new construction and other adjustments.
- Unemployment is 4.8 percent in June 2025 as compared to 4.0 percent in June 2024.
- The County reported 491 single family home sales for June 2025 up 3 percent from June 2024. There were 244 single family building permits issued in June 2025, down 1 percent from June 2024 but 15 percent above May 2025.
- The median sales price of an existing single family home in the County was \$335,000 in June 2025, down 8 percent from last year.
- Seasonally-adjusted real taxable sales totaled \$332.6 million in May 2025, down 8 percent from May 2024 and 1 percent down from April 2025.
- Tourist tax revenues were \$690.5 thousand in May 2025, 3 percent over April 2025 and 5 percent below May 2024.
- The Punta Gorda Airport and Enterprise Charlotte Airport Park (ECAP) continue to represent major economic drivers in the area. The airport's two carriers, Allegiant and Sun Country Airlines, connect passengers to more than 50+ nonstop destinations throughout the United States. The airport continues to expand, with a terminal expansion in 2025. A new Airport Aviation Hangar and then a Charlotte High School Hangar to follow will provide hands-on

learning that will align with workforce demands and prepare students for high-skill, high-wage careers.

Year	Passenger Count	Year	Passenger Count	Year	Passenger Count
2011	291,626	2012	219,357	2013	333,611
2014	628,075	2015	836,472	2016	1,118,303
2017	1,293,337	2018	1,577,164	2019	1,644,916
2020	1,189,681	2021	1,569,836	2022	1,846,097
2023	1,901,819	2024	1,925,128		

- In July of 2025, Allegiant Travel Co. announced the sale of the 785-room Sunseeker Resort Charlotte Harbor to Blackstone Real Estate for \$200 million. The cash sale is to close in September 2025.
- Lane Valente Industries (LVI) completed a new industrial complex behind the Airport in May 2025 encompassing 10 acres with three buildings which house LVI, Hertz Rental, and space for four additional tenants.
- Parkside Village in Port Charlotte will transform the Promenades Mall site into a small city containing 793 apartments, 600 hotel rooms, and 500,000 square feet of commercial uses. A zoning change was approved to rezone the property from commercial to compact growth mixed use in June 2023. Groundbreaking began in June 2024.
- Tuckers Grade – a planned mixed-use development at the I-75 and Tuckers Grade interchange to include 1,689 residential units, 400 hotel rooms, and 480,000 commercial retail space. The proposed project plans to attract nearby residents and the traveling public.
- Babcock Ranch – a planned town situated on 18,000 acres bordering Charlotte County and Lee County continues to grow. When completed the development will house 19,500 residential units with an anticipated 50,000 population; six million square feet of commercial space; 75 mega-watt solar facility; 100 miles of trails; and 73,000 acres of preserved land. To-date, over 5,000 homes have sold just as it introduces new neighborhoods, builders, amenities and a second retail center. Ranked the nation’s No. 7 best-selling master-planned community in 2025. FGCU and Babcock Ranch recently received \$21.7 million in state funding to create a premier learning, research and outreach facility for sustainability and resiliency in Charlotte County.
- West Port Development – Construction is on-going on 450 acres in the western section of Murdock Village for mixed-use development with a maximum of 2,000 single and multi-family units, and commercial uses. Homes continue to be constructed. A new marketplace was approved in June 2025 which will include a Publix, liquor store, and additional retail space.

### **Punta Gorda Economic Highlights**

Projections show an estimated FY 2026 population of 20,929.

- Changes in property values continue to contribute major influence on financial planning and budget preparation. Taxable property values (FY 2026) increased Citywide by 2.3 percent from the final previous fiscal year, including \$12.2 million of new construction, annexation, changes in exemption and from hurricane damages.

- New single-family housing unit building permit trends since FY 2006 are shown below.

Year	Units Permitted	Year	Units Permitted	Year	Units Permitted
FY 2006	241	FY 2007	190	FY 2008	98
FY 2009	12	FY 2010	37	FY 2011	30
FY 2012	56	FY 2013	88	FY 2014	100
FY 2015	125	FY 2016	113	FY 2017	127
FY 2018	115	FY 2019	89	FY 2020	102
FY 2021	143	FY 2022	122	FY 2023	71
FY 2024	70	FY 2025	116 (YTD)		

- New multi-family housing unit residential construction has also emerged in the City starting in FY 2012 as shown below.

Year	Units Permitted	Year	Units Permitted	Year	Units Permitted
FY 2012	4	FY 2013	4	FY 2014	0
FY 2015	86	FY 2016	90	FY 2017	4
FY 2018	35	FY 2019	39	FY 2020	0
FY 2021	236	FY 2022	321	FY 2023	56
FY 2024	104	FY 2025	15 (YTD)		

- City of Punta Gorda residential development – Vacant vs Developed as of August, 2025.

Community	Total Parcels Residential	Developed Residential	Vacant Residential	% Residential Developed
PGI	9,175	8,757	418	95.4%
BSI	1,820	1,689	131	92.8%
BSM	934	793	141	84.9%
TPG	1,293	1,112	181	86.0%
OPG	2,179	1,964	215	90.1%
<b>TOTAL</b>	<b>15,401</b>	<b>14,315</b>	<b>1,086</b>	<b>92.9%</b>

- Projects under construction include:
  - Fifth Third Bank
  - Walmart Pick up area expansion
  - Tamiami Tavern outdoor dining and parking lot improvement
  - Fairway Vista Townhouse
  - Peace River Wildlife Center
  - Sea Cove and Seagrass subdivisions
- Projects in planning stages include: He-Brews Ice cream, Paradise Rentals, The Landing, 7 Brew, Take 5, City Marketplace, and Punta Gorda Storage Facility.

## THE PROPOSED BUDGET

Submitted herein is the proposed City of Punta Gorda Budget for FY 2026. The total FY 2026 budget including all transfers and carryover fund balance is \$205,269,943 which is \$22,507,546 (12.3%) higher than FY 2025. The major factors causing the net increase are:

- debt service decrease of \$1.6 million caused by the removal of the short term debt that was needed for budget purposes only for 1% sales tax projects in prior year and is no longer needed;

- transfers had a decrease of \$2.3 million due to reduced capital projects transfers based on current plan;
- capital projects and equipment increase of \$15.3 million, much of which is in the utilities department because of the water treatment plant rehabilitation project, the reverse osmosis facility expansion project, and the AMI equipment replacement;
- personnel costs increased \$2.6 million for all funds:
  - addition of 21 positions – eight mid-year additions in FY 2025, and thirteen proposed new positions for FY 2026;
  - 4% merit increases; Fire and Police per bargaining contract;
  - 3.5% increase in health insurance;
  - 15% estimated increase in workers compensation insurance;
  - increases in police and fire pension plans;
- other operating expenditures increased \$3.8 million overall, mainly due to the canal maintenance programs returning to full normal operations, IT software subscriptions continue to increase, and utilities adding manual meter reading, annual well-field consulting, annual nutrient plan, and annual sludge hauling.
- contingency decrease of \$0.4 million for unresolved items and infrastructure needs, which will be appropriated from reserves if needed;
- ending carryovers had a net increase of \$5.1 million due to future planned use of reserves for increases in personnel, operations, capital projects, and any items remaining unresolved (see discussion at the end of this budget message).

The following chart compares previous adopted budgets with the proposed FY 2026 budget. The expenditures are net of transfers to other funds, internal service funds and ending reserves. The FY 2026 net amount of \$141,535,890 is an increase of \$19,695,579 or 16.2% more than FY 2025.

**Comparison of Net Budgeted Expenditures**  
**Budget FY 2022 through Proposed Budget FY 2026**  
 (Net of transfers, internal service funds and ending carryover fund balance)

	Budget FY 2022	Budget FY 2023	Budget FY 2024	Budget FY 2025	Proposed FY 2026
General Fund	\$23,203,380	\$26,618,605	\$29,781,440	\$33,733,885	\$36,003,700
Special Revenue Funds	24,899,588	20,316,772	65,179,819	12,945,440	15,317,240
General Construction Fund	4,913,214	2,143,000	1,879,000	3,713,961	2,121,000
Enterprise Funds	49,635,630	82,055,595	35,022,700	71,447,025	88,093,950
<b>Total Funds</b>	<b>\$102,651,812</b>	<b>\$131,133,972</b>	<b>\$131,862,959</b>	<b>\$121,840,311</b>	<b>\$141,535,890</b>
<b>\$ Net Increase (Decrease)</b>	<b>\$27,349,523</b>	<b>\$28,482,160</b>	<b>\$728,987</b>	<b>(\$10,022,648)</b>	<b>\$19,695,579</b>
<b>% Net Increase (Decrease)</b>	<b>36.32%</b>	<b>27.75%</b>	<b>0.56%</b>	<b>(7.60%)</b>	<b>16.17%</b>

The FY 2026 budget continues to aggressively address substantial issues needed to move the City forward such as continued implementation of strategic plan objectives; enhanced service levels; infrastructure maintenance; increase in water and wastewater rates to support operations and capital improvement plan; increase in solid waste rates for refuse and yardwaste program; increase in canal maintenance assessment fees for increased seawall replacement program and for approved projects; continuation of road resurfacing and drainage improvement programs; 1% sales tax projects through December 31, 2026; and continued efforts to address the rising costs in the overall economy that are driving factors in capital project costs and operations. Additional detail and information can be found

in the Budget Highlights by Fund section of this message. It is our responsibility to exhibit leadership in addressing these issues and providing cost effective public services to our citizens.

The 364.25 funded permanent full time equivalent (f.t.e.) position count for FY 2026 has increased by thirteen positions from the amended count of FY 2025. FY 2025 mid-year adjustments were increases of eight positions: five right-of-way workers and an engineering analyst in public works, a seawall inspector in canal maintenance, and a business analyst in information technology. FY 2026 positions that are being added by the City are: an executive assistant, an engineering technician, two janitorial workers, and a parks and grounds janitorial worker in public works, two firefighter/EMTs in the fire department, two canal maintenance workers in PGI canal maintenance assessment district, an engineering technician and project manager in utilities administration, and two maintenance workers in water distribution. Two existing position changes are a facilities maintenance worker position to a third janitorial position in public works and an engineering technician to a permit technician in building. In addition, the proposed budget includes 2.75 f.t.e temporary workers for an electrician and a part-time map, permit, compliance technician in public works and an administrative assistant in city clerk’s department. The City has applied for a SAFER grant to add nine firefighter/EMTs to the Fire Department to allow the department to meet National Fire Protection Association 1710 standards for staffing requirements on fire apparatus. If awarded, the budget would be amended and city match funds would be required. One of the key performance measures identified in the business plan for the ability to properly provide and maintain required service levels is the ratio of full time employees to population (table below). With ever increasing safety/training mandates, over 3,000 more residents/requirements resulting from additional usage of City assets and need for additional amenities that were provided, and public safety response requirements, and increased hurricane preparations and recoveries annually, neither employee numbers nor service level equals those that the City needed even in 2008, 17 years prior. The overall plan now gives departments the ability to achieve necessary objectives to support City services, but only by maximizing the efficiency of a still conservative workforce.

<b>Fiscal Year</b>	<b>Population Estimates</b>	<b>Employees</b>	<b>Ratio Employees/ Per 100/Population</b>
<b>2026</b>	<b>20,929</b>	365	1.7
2025	20,851	344	1.6
2024	20,608	331	1.6
2023	20,389	318	1.6
2022*	20,157	306	1.5
2021*	19,701	295	1.5
2020 Census*	19,471	291	1.5
2019	19,285	288	1.5
2018	18,811	286	1.5
2017	18,588	274	1.5
2016	18,368	271	1.5
2015	17,632	267	1.5
2014	17,556	263	1.5
2013	17,349	265	1.5
2012	17,177	265	1.5
2011	16,907	265	1.6
2010 Census	16,641	270	1.6
2009	16,989	291	1.7
2008	17,651	308	1.7

\* Adjusted for 2020 Census results

## Core Level of Service Comparative Analysis

As part of the development of the long-range financial plan, staff undertook an analysis of how Punta Gorda compares with surrounding jurisdictions in delivering core services in January 2025 using the current year rates and were updated in August only to reflect the proposed information that was available. Information not available continues to use actual rates from FY 2025. The charts below provide a benchmarking analysis of costs to deliver core level of services for eight Southwest Florida municipalities. Services compared include those paid for by property taxes, fees/assessments (sanitation, fire, roads/drainage/stormwater, debt service) and average water/sewer bill.

The fact that the order may be different is due to service costs being based on flat rate or taxable assessed value which may change the total. Punta Gorda remains competitive with surrounding Southwest municipalities for delivery of its core services.

### Basic Tax Fee Comparison Single Family Residential

	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota*	Mills	Venice	Mills	North Port	Mills	Cape Coral	Mills	Fort Myers	Mills
<b>Based on taxable value of \$250,000</b>																
Property Taxes	\$ 317.50	1.2700	\$ 211.75	.8470	\$ 967.15	3.8686	\$ 809.25	3.2370	\$ 1,090.00	3.9041	\$ 941.68	3.7667	\$ 1,304.70	5.2188	\$ 1,625.00	6.5000
Water & Sewer (Avg Monthly annualized)	\$ 1,045.68		\$ 1,263.84		\$ 1,303.56		\$ 1,765.80		\$ 2,164.80		\$ 2,081.64		\$ 2,071.32		\$ 2,252.88	
Sanitation (Solid Waste)	\$ 460.34		\$ 320.38		\$ 362.40		\$ 389.40		\$ 302.52		\$ 302.50		\$ 384.25		\$ 277.70	
Fire Service	\$ 0		\$ 486.65	1.9466	\$ 0		\$ 187.20		\$ 0		\$ 342.00		\$ 206.35		\$ 218.00	
Roads/Drainage/Stormwater	\$ 0		\$ 50.00		\$ 0		\$ 90.96		\$ 0		\$ 337.09		\$ 142.00		\$ 141.00	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 33.78	0.1351	\$ 85.13	0.3405	\$ 0		\$ 40.20	0.1608	\$ 0	
<b>TOTAL</b>	<b>\$ 1,823.52</b>		<b>\$ 2,332.62</b>		<b>\$ 2,633.11</b>		<b>\$ 3,276.39</b>		<b>\$ 3,642.45</b>		<b>\$ 4,004.91</b>		<b>\$ 4,148.82</b>		<b>\$ 4,514.58</b>	
<b>Based on taxable value of \$500,000</b>																
Property Taxes	\$ 635.00	1.2700	\$ 423.50	.8470	\$ 1,934.30	3.8686	\$ 1,618.50	3.2370	\$ 2,180.00	3.9041	\$ 1,883.35	3.7667	\$ 2,609.40	5.2188	\$ 3,250.00	6.5000
Water & Sewer (Avg Monthly annualized)	\$ 1,045.68		\$ 1,263.84		\$ 1,303.56		\$ 1,765.80		\$ 2,164.80		\$ 2,081.64		\$ 2,071.32		\$ 2,252.88	
Sanitation (Solid Waste)	\$ 460.34		\$ 320.38		\$ 362.40		\$ 389.40		\$ 302.52		\$ 302.50		\$ 384.25		\$ 277.70	
Fire Service	\$ 0		\$ 973.30	1.9466	\$ 0		\$ 292.50		\$ 0		\$ 495.00		\$ 346.10		\$ 218.00	
Roads/Drainage/Stormwater	\$ 0		\$ 50.00		\$ 0		\$ 121.24		\$ 0		\$ 337.09		\$ 142.00		\$ 282.01	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 67.55	0.1351	\$ 170.25	0.3405	\$ 0		\$ 80.40	0.1608	\$ 0	
<b>TOTAL</b>	<b>\$ 2,141.02</b>		<b>\$ 3,031.02</b>		<b>\$ 3,600.26</b>		<b>\$ 4,254.99</b>		<b>\$ 4,817.57</b>		<b>\$ 5,099.58</b>		<b>\$ 5,633.47</b>		<b>\$ 6,280.59</b>	

\*City of Sarasota Fire Rescue and Stormwater is provided as a non-advalorem assessment by the County.

## BUDGET HIGHLIGHTS BY FUND

### General Fund

The proposed FY 2026 General Fund Budget, net of ending reserve, totals \$37,022,700, which is \$1.6 million or 4.5% more than the original FY 2025 budget. The general fund financial plan includes a five year look forward using current assumptions and anticipated personnel/service level enhancements and capital outlay plan. This initiates planning for future years' budgets. Based on a proposed millage rate of 3.8686, personnel/service level enhancements, estimated 4% merit and existing bargaining contract increases, capital outlay plan, anticipated taxable property valuations flat, 1% to 2% increases in shared state revenues and other general fund revenues, the current five year fiscal forecast (August 2025) projects that beginning in FY 2029 that additional revenues or reduced expenditures or service levels would need to be considered as the minimum reserve requirement is not met. These balance do not include identified unresolved issues as described at the end of this budget message or other personnel/service level enhancements that departments are requesting but have not been approved in the five year plan. In most fiscal years, due to conservative estimating by the City, some additional funds are added at the end of the fiscal year either due to additional revenues collected or divisions not fully expending their budget.

**General Fund**  
**Proforma Schedule of Revenues and Expenditures**  
**Proposed FY 2026 through Proforma FY 2030**

	<b>Proposed FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>	<b>Proforma FY 2030</b>
Change in Taxable Value of Property	2.3%	0%	0%	0%	0%
<b>Revenues:</b>					
Ad Valorem Tax	\$19,340,100	\$19,340,100	\$19,340,100	\$19,340,100	\$19,340,100
Other Revenue	15,432,845	16,561,575	17,523,345	18,745,080	20,023,050
<b>Total Revenues</b>	<b>36,405,530</b>	<b>36,233,175</b>	<b>36,173,160</b>	<b>36,225,495</b>	<b>36,291,920</b>
<b>Expenditures:</b>					
Personnel Expenditures	25,947,520	27,537,835	29,177,310	30,772,830	32,217,745
Operating Expenditures	8,157,980	8,375,080	8,636,425	8,900,580	9,173,700
Capital Outlay	1,883,200	1,322,280	1,412,280	1,338,000	1,200,000
Transfers for Capital Projects	310,000	560,000	245,000	245,000	245,000
Transfers for Roads	709,000	709,000	709,000	709,000	709,000
Transfers for Drainage	0	0	0	0	0
Council Contingency	15,000	15,000	15,000	15,000	15,000
<b>Total General Expenditures</b>	<b>37,022,700</b>	<b>38,519,195</b>	<b>40,195,015</b>	<b>41,980,410</b>	<b>43,560,445</b>
<b>Estimated Beginning Reserves</b>	<b>\$15,159,977</b>	<b>\$14,542,807</b>	<b>\$12,256,787</b>	<b>\$8,234,932</b>	<b>\$2,480,017</b>
<b>Estimated Ending Reserves</b>	<b>\$14,542,807</b>	<b>\$12,256,787</b>	<b>\$8,234,932</b>	<b>\$2,480,017</b>	<b>(\$4,788,508)</b>
<b>Minimum Reserve 16.7%</b>	<b>\$6,182,800</b>	<b>\$6,432,800</b>	<b>\$6,712,600</b>	<b>\$7,010,800</b>	<b>\$7,274,600</b>

Various initiatives continue to be taken to modify the variance between current revenues and current expenditures. The financial goal of reaching a balance between achieving revenues necessary to fund the level of service expected from the community through the most cost effective method available is being addressed through the following efforts:

- Use of long range proforma to identify effects of current decisions on future budgets
- Consistent review of alternative methods of service delivery
- Practical analysis of open positions and alternative methods of service delivery
- Competitive bidding where practical and competitive pricing
- Sales of scrap, repurposing of obsolete or auctioning for value of any fixed assets
- Maximization of collection of fees, taxes and rentals due the city
- Conscientious use of allocated funds
- Avoidance of lost opportunities
- Use of technology where possible to enhance level of service and to maximize personnel value

**General Fund Expenditures Comparison**  
**Original Budget FY 2022 through Proposed Budget FY 2026**

	Original Budget FY 2022	Original Budget FY 2023	Original Budget FY 2024	Original Budget FY 2025	Proposed Budget FY 2026
<b>General Fund Expenditures</b>					
City Council	\$ 136,555	\$ 192,540	\$ 191,745	\$ 228,240	\$ 202,285
City Manager	507,825	541,535	630,710	729,105	768,975
Human Resources	398,475	498,650	490,280	663,965	649,285
City Clerk	606,560	684,380	781,315	827,550	897,800
Finance	1,023,455	1,017,405	1,237,790	1,299,410	1,335,140
Procurement	628,250	711,830	789,295	948,695	1,008,350
Legal Counsel	280,985	247,190	258,990	277,865	275,890
Public Works Administration	461,495	408,385	405,510	476,260	492,735
Engineering	538,745	580,385	768,365	768,625	938,060
Right of Way Maintenance	1,230,765	1,320,730	1,712,395	1,518,055	2,857,515
Parks & Grounds	1,712,240	1,729,955	2,201,135	2,347,680	2,451,220
Police	7,877,130	8,395,305	10,477,225	12,252,055	12,348,475
Fire	4,830,045	5,542,610	5,900,865	6,569,750	7,612,425
Planning (previously Urban Design)	671,995	919,935	1,158,935	1,169,720	1,021,690
Zoning & Code Compliance	585,130	716,895	758,695	926,140	818,550
Facilities Maintenance	1,049,555	1,331,830	1,488,415	1,802,170	1,840,050
Non-Departmental	664,175	1,779,045 <sup>1</sup>	529,775	928,600	485,255
<b>Subtotal Operations</b>	<b>23,203,380</b>	<b>26,618,605</b>	<b>29,781,440</b>	<b>33,733,885</b>	<b>36,003,700</b>
Incr (Decr) from prior year	1,887,585	3,415,225	3,162,835	3,952,445	2,269,815
% incr (-) decr from prior year	8.86%	14.72%	11.88%	13.27%	6.73%
Transfers to Other Funds	0	0	254,000	187,000	0
Tax Increment Financing Transfer	1,038,065	1,176,535	1,306,520	0	0
Capital Projects Transfer	477,000	1,031,000	2,254,000	505,000	310,000
Paving Transfer	459,000	459,000	709,000	709,000	709,000
Drainage Transfer	200,000	300,000	300,000	300,000	0
<b>Subtotal Ops and Transfers</b>	<b>25,377,445</b>	<b>29,585,140</b>	<b>34,604,960</b>	<b>35,434,885</b>	<b>37,022,700</b>
Incr (Decr) from prior year	(6,442,555)	4,207,695	5,019,820	829,925	1,587,815
% incr (-) decr from prior year	-20.25%	16.58%	16.97%	2.40%	4.48%
Future Years' Budget - Reserve	3,846,667	4,542,919	2,283,135	5,285,015	8,353,007
Fleet/Equip - Reserve	45,000	260,000	179,000	507,000	7,000
Proj. Carryover - Ending Reserve	2,667,000	3,905,300	6,341,608	6,152,074	6,182,800
Reserves as a % of Operations & Transfers	25.84%	29.43%	25.44%	33.71%	39.28%
<b>Total General Fund Exp.</b>	<b>\$ 31,936,112</b>	<b>\$ 38,293,359</b>	<b>\$ 43,408,703</b>	<b>\$ 47,378,974</b>	<b>\$ 51,565,507</b>

<sup>1</sup> FY 2023 original budget included estimated funding for pending pay plan changes that were not finalized in Non-Departmental. Funds were moved to divisions in FY 2023 once finalized.

The general fund budgeted expenditures comparison above provides the financial overview of the divisions that provide service through the General Fund.

## **General Fund Department/Division Highlights**

The department/divisions were limited to no increases in operating expenditures even though there have been overall increases in costs of materials, supplies, fuel, electric, and contracted services in the past year. Most businesses are experiencing increased personnel costs and rise in prices of commodities such as building materials, equipment, etc. Any increases that exceeded the mandate are explained below, except for general liability insurance which was estimated at 8% increase and the previously mentioned standard personnel increases that were implemented city-wide.

Increases in the Information Technology (IT) internal service fund for city-wide projects was approximately 3% citywide for FY 2026 in order to smooth future IT increases in the five year plan. The IT budget includes priority projects and the addition of a business analyst mid-year FY 2025 as a dedicated position that would allow interface with departments and aid them in reporting and analysis, train other division staff, and provide backup for the systems analyst.

There are no major program changes in the following departments/divisions – City Manager, Legal, and Finance

### **City Council**

The proposed operating budget was reduced \$15,000 for travel and per diems related to training or events.

### **Human Resources**

Human Resources' proposed operating budget included a slight increase for new cell phones for the risk coordinator and safety coordinator, specialized recruiting and training, and van rentals for new employee onboarding tours.

### **City Clerk**

The proposed budget increases for the City Clerk include the addition of a temporary administrative assistant for one year only to allow for succession training for pending retirements to pass on institutional knowledge and mentoring and avoid operational disruptions. This included the purchase of desk, computer, and office supplies.

### **Procurement**

Although there were no major program changes to procurement, there was a reclassification of a lower-level position to a Senior Purchasing Agent position during FY 2025, in order to facilitate higher level and higher volume of more complex projects and contracts.

### **Planning and Zoning & Code Compliance**

Planning's proposed operating budget reduces a comprehensive planning study of \$150,000. The division will carryover unspent funds if needed for any contracted planning study that may still be needed if not completed in FY 2025. Zoning and Code Compliance had some slight increases in the proposed budget for third-party plat reviews and training and travel increases for certifications of new employees and additional training needs.

## **Public Works**

FY 2025 mid-year position adds that will continue in FY 2026 for Public Works were:

- Five right-of-way workers that will allow in-house work to complete the annual drainage program, sidewalk construction, and restoration work for utilities projects. These position costs in FY 2026 will be offset by eliminating the transfer for the drainage program, revenues from utilities to cover work completed for the enterprise fund, and contracted sidewalk work in the gas tax fund.
- An engineering analyst in engineering which is a technical position for planning, permitting, and managing projects and which will provide a high level of expertise for various facets of projects from inception to completion.
- A temporary part-time map, permit and compliance technician in engineering who is a long-term employee with extensive experience and knowledge of FEMA projects, technical canal and seawall expertise, and permitting assistance. Reimbursements are expected from FEMA projects, construction projects, canal maintenance, and/or engineering.
- A temporary electrician in facilities that will continue in FY 2026 for the planned retirement of the current authorized electrician and to provide additional support to catch up on back log of electrical repairs, lighting repairs, and projects.

FY 2026 proposed positions for Public Works include:

- An executive assistant in administration to support administrative duties of all public work divisions thereby alleviating administrative tasks from supervisors, which would allow them to be more active in forward planning and preventative maintenance.
- An Engineering Tech II position in engineering. Currently there are two of these positions that were split 50 percent with the building fund. They will now be funded by the general fund only with some offsetting revenue from the building fund for right-of-way permits and reinspections also moving over to the general fund.
- A parks and grounds supervisor which would allow the facilities supervisor who has been supervising both divisions to focus on building infrastructure repair and proactive preventative maintenance as the facilities division has grown and to supervise the new janitorial program as well. A dedicated parks and grounds supervisor will give a higher level of focus to the parks and more proactive maintenance.
- Two new janitorial workers and a reclassification of one facilities maintenance worker to a third janitorial worker in facilities. In-house janitorial services would allow a higher level of quality control and reduced response times for special circumstances. These employees could also assist other divisions as available and/or required. These personnel increases will be offset by reduced operating contractual janitorial services.

Operating expenditure increases were for electricity due to FPL notifying the City of the State approved increase of 12% on January 1, 2026. A decrease in operating for rental of the Military Heritage Museum for meetings generally offsets the increase.

Capital outlays of \$1,194,000 include addition of a concrete mixer and trailer (\$13,000) for the new in-house work in right of way, and routine replacements of: two pickup trucks, a trencher, a flat-bed trailer, and an all-terrain vehicle in parks and grounds; and a vactor truck, a dump truck, and a trailer in right of way.

## **Public Safety**

Public safety remains the most significant expenditure category within the General Fund.

## **Police**

There were no staff additions proposed for FY 2026, however the police officer bargaining unit is in negotiations and budget would need to be added for any amounts over the previous contract annual increases.

The proposed FY 2026 operating budget did have many items increasing due to increased pricing, increased usage due to additional staff added in prior years, and increase in the number of vehicles and equipment that is requiring more repair and maintenance.

The FY 2026 capital outlay of \$604,00 includes taser replacement program, body and in-car camera replacement programs, drone program, city-match for firearm replacements, interview room system and replacement of six vehicles.

The department encompasses many programs designed to enhance trust in the community by promoting transparency, procedural justice, and community partnerships. Some of the programs include in-car video cameras, body worn cameras, community advisory boards, youth programs, homeless outreach, de-escalation tactics, internal affairs investigations (that are scrutinized through various laws, processes and agencies), national data reporting, officer background checks, scenario-based training, etc. The department will continue these policies and programs while also exploring opportunities for enhancements in meeting their mission of providing the highest level of professional police services and delivering outstanding customer service while partnering with our community.

One of the goals of the department is to respond and be on scene of all calls for service with an average time of 7:00 minutes of dispatch. Results in patrol response times were 8:04 minutes mainly due to being understaffed caused by turnover and new positions being filled with cadets. Another goal is to achieve a monthly Quality Assurance survey approval rating of 95%. Survey results indicate a 99.3% approval rating.

## **Fire**

The proposed FY 2026 budget includes the addition of two (2) firefighter/EMTs to continue the City's progress towards meeting the National Fire Protection Association (NFPA) 1710 standards for staffing requirements on fire apparatus and also help meet current staffing needs due to injuries, sick leave, or vacation thereby reducing unscheduled overtime costs. These two employees can transition in future year if and additional four firefighter/EMTs are hired to staff a new ALS emergency response vehicle. The City has applied for SAFER grant funding for nine firefighter/EMTs in order to reach the NFPA 1710 standards. If awarded the budget would be amended by appropriations for the grant award, city match of 25% for the first year (25% in second year, 65% in third year, and 100% all future years would also be required) and funding for the necessary equipment.

Proposed operating expenditure increases include additional repair and maintenance for high water truck and marine vessel, and new annual employee recognition awards ceremony.

The FY 2026 capital outlay of \$85,000 includes funding for personal protective equipment, suppression equipment, and medical equipment.

The NFPA standard 1710 for service response time is five minutes and 20 seconds or less, 90% of the time. The average emergency response time during FY 2024 was 3 minutes and 16 seconds. Table below indicates response times.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Average response times</b>	4:04	4:11	4:10	4:41	4:21	4:25	4:40	3:16
<b># Emergency &lt; 5 minutes</b>	3,123	3,237	2,329	2,363	2,043	2,215	2,383	2,324
<b>% Emergency &lt; 5 minutes</b>	85%	83%	75%	87%	75%	75%	67%	62%

### **Non-Departmental**

The non-departmental classification includes uses of funds not related to a specific department or division. Transfers, debt service, lot mowing program, City-related memberships, business development, undesignated personnel costs and fleet replacement smoothing, contributions and reserves are the primary categories in this classification.

The transfers to other funds category includes transfers of: \$310,000 to the general construction fund for \$310,000 for the annual public work projects; and \$709,000 for the paving management program.

All general fund debt service payments are reported in the debt fund. No new debt service is scheduled in FY 2026 however, a line of credit for the Hurricane Ian seawall repairs and Hurricanes Irma and Ian hazard mitigation scheduled to be paid in FY 2025 through a transfer from the PGI and BSI Canal Maintenance fund assessments and FEMA and State reimbursements when payments become due will be re-appropriated to FY 2026 if needed. Transfer of the line from the general fund to the canal maintenance funds would also be re-appropriated as needed.

Undesignated personnel of \$26,000 is included for career progressions or benefit election changes. The lot mowing program annual fee is placed on the property tax bill as an annual assessment. The proposed rate of \$285 represents no increase from the prior year and covers the costs of a coordinator, the mowing contract and administration. A public hearing for approval of the assessment will be held at the same date and time as the public hearing for the proposed FY 2026 budget.

There were no changes made to the funding levels for professional services, promotional activities or of the City’s charter membership contributions to Coastal & Heartland National Estuary Program (CHNEP), Charlotte Harbor Environmental Center (CHEC) and to the United Way of Charlotte County. No change to the reserve for general contingencies of \$15,000. Operating reserves are discussed in detail under Fund Balance heading.

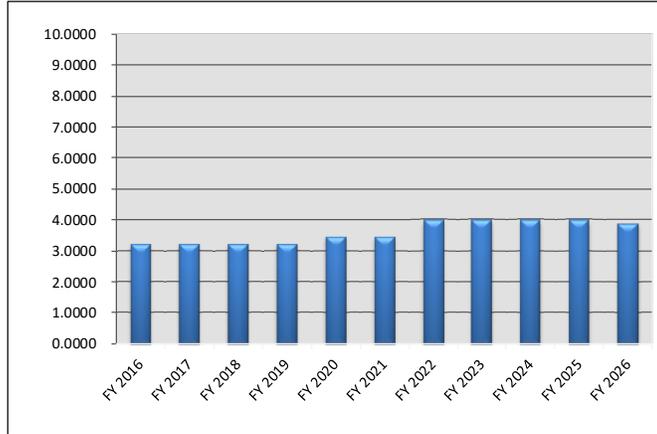
### **Millage and Taxable Assessed Value**

The proposed FY 2026 millage rate of 3.8686 mills is 0% over the rolled back rate of 3.8686. The calculated rolled back rate results in the same property tax revenues, sans new construction, as the previous year. Included in the millage rate is \$709,000 earmarked for the pavement management program and the city-wide drainage improvement program which will now be completed by in-house staff in the general fund. Future year millage rate discussions will be continued to address outstanding infrastructure needs, unresolved issues, and the need to maintain and enhance current service levels over the coming years.

**Property Tax Millage Rates  
Fiscal Years 2016 - Proposed 2025**

*A mill is equal to one dollar of tax for each \$1,000 of taxable value. Florida Statutes caps the millage rate at 10 mills.*

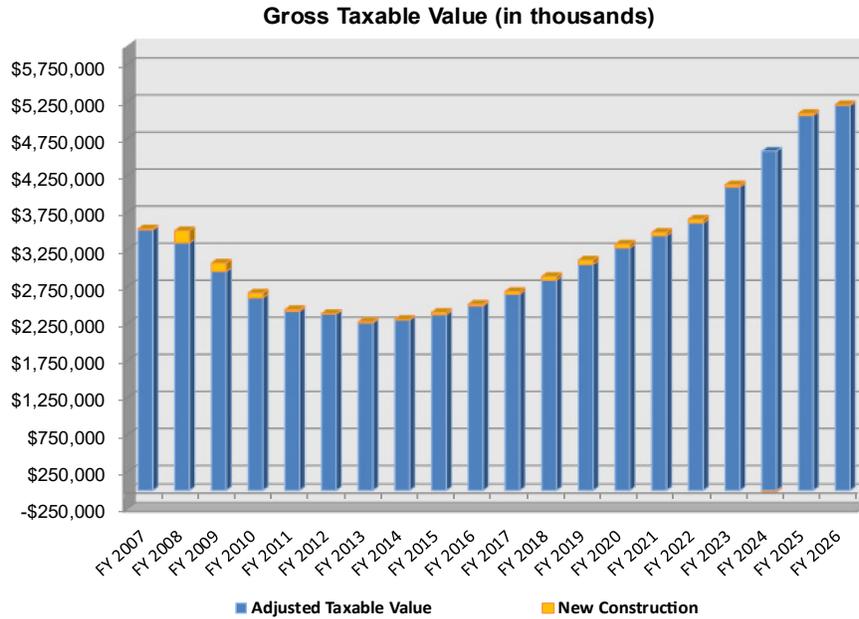
Fiscal Year	Millage Rate
2016	3.1969
2017	3.1969
2018	3.1969
2019	3.1969
2020	3.4337
2021	3.4337
2022	3.9500
2023	3.9500
2024	3.9500
2025	3.9500
2026	3.8686



**History of Taxable Property Values**

Fiscal Year	Final Gross Taxable Value*	\$ Change from Previous Year	% Change from Previous Year	New Construction	% of Previous Year Gross Taxable Value
2007	\$3,515,560,986			\$13,851,000	
2008	\$3,496,182,626	-\$19,378,360	-0.6%	\$168,546,000	4.8%
2009	\$3,062,265,808	-\$433,916,818	-12.4%	\$115,280,000	3.3%
2010	\$2,646,132,752	-\$416,133,056	-13.6%	\$65,914,000	2.2%
2011	\$2,447,711,910	-\$198,420,842	-7.5%	\$24,317,000	0.9%
2012	\$2,367,768,124	-\$79,943,786	-3.3%	\$7,854,000	0.3%
2013	\$2,270,096,296	-\$97,671,828	-4.1%	\$16,856,000	0.7%
2014	\$2,308,224,076	\$38,127,780	1.7%	\$9,890,893	0.4%
2015	\$2,398,248,062	\$90,023,986	3.9%	\$32,800,312	1.4%
2016	\$2,513,363,249	\$115,115,187	4.8%	\$23,895,443	1.0%
2017	\$2,685,303,159	\$171,939,910	6.8%	\$38,357,930	1.5%
2018	\$2,887,855,644	\$202,552,485	7.5%	\$50,549,762	1.9%
2019	\$3,108,678,379	\$220,822,735	7.6%	\$60,086,894	2.1%
2020	\$3,325,350,916	\$216,672,537	7.0%	\$54,169,154	1.7%
2021	\$3,483,430,722	\$158,079,806	4.8%	\$46,759,746	1.4%
2022	\$3,661,713,042	\$178,282,320	5.1%	\$52,590,453	1.5%
2023	\$4,125,070,957	\$463,357,915	12.7%	\$31,518,237	0.9%
2024	\$4,561,393,197	\$436,322,240	10.6%	-\$18,143,289	-0.4%
2025	\$5,088,321,660	\$526,928,463	11.6%	\$30,767,348	0.7%
2026	\$5,207,551,785	\$119,230,125	2.3%	\$12,210,973	0.2%

\*Includes New Construction



The Charlotte County Appraiser’s July 1st certification shows a 2.1% overall increase for properties on the books from the prior year and an additional 0.2% provided by new construction, annexations and changes in exemption for calendar year 2024. This is the thirteenth straight year that property values increased in the City after six consecutive years of declining values (35% decrease from FY 2007 to FY 2013). The net effect of property value changes over the past eighteen years is a cumulative 48.9% increase in taxable values. Protection of Save Our Homes has resulted in a majority of homestead property taxable values being below just values in the current housing market. Homestead property owners whose taxable value is below just value (non-parity) will be limited to a maximum of a 2.9% increase in assessed value due to the 1992 “Save Our Homes” constitutional amendment that mandates assessed values will increase by the lesser of the CPI Index, (this year 3.4%), or 3%, until such time as the taxable value attains parity with the market value. Amendment 5 also mandates an annual inflation on the second \$25,000 portion of the homestead exemption and is effective beginning with FY 2026.

Below are examples of the effects that the proposed millage rate may have on homesteaded single family property taxes.

Calculation of City Ad Valorem Tax on Various Homestead Single Family Values						
Mils	\$300,000			\$500,000		
	FY 2025 Base 3.9500	FY 2026 2.9%	Difference % \$ Amount	FY 2025 Base 3.9500	FY 2026 2.9%	Difference % \$ Amount
Assessed Value	\$300,000	\$308,700		\$500,000	\$514,500	
Less Homestead Exemption	\$50,000	\$50,722		\$50,000	\$50,722	
Net Taxable Value	\$250,000	\$257,978		\$450,000	\$463,778	
City Millage Rate	3.9500	3.8686	1.01%	3.9500	3.8686	0.90%
<b>City Ad Valorem Tax</b>	\$988	\$998	\$10	\$1,778	\$1,794	\$16

## Fund Balance

City Council approved reserve objectives to the comprehensive set of financial management policies are below.

- An adequate level of unrestricted fund balance will be maintained so credit rating agencies will recognize the City is in sound financial condition when they evaluate the City’s credit worthiness.
- The City will strive to follow the Government Finance Officers Association’s (GFOA) recommendation for a minimum level of unrestricted fund balance for the General Fund. The GFOA states the unrestricted fund balance for the General Fund should be a minimum of 2 months of operating expenditures, or 16.7%.
- For the General Fund and all other operating funds, except the Utilities Fund, the City will establish an unassigned fund balance minimum of 16.7% of total fund expenditures.
- The City will continue to progress towards achieving a balanced budget, without relying on reserves, excluding one-time expenditures.
- The City should have a prudent level of unrestricted fund balance to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unexpected one time expenditures.
- The City should maintain an adequate level of unrestricted fund balance as working capital to support operations until sufficient current revenues (taxes) are received.
- The City will provide a Capital Outlay Reserve based on the 5 year capital outlay program needs, and will fund the average annualized 5 year need, in order to provide a stabilized funding plan.

Beginning in FY 2007, the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service. Beginning in FY 2022, this practice is continued as part of the five year plan.

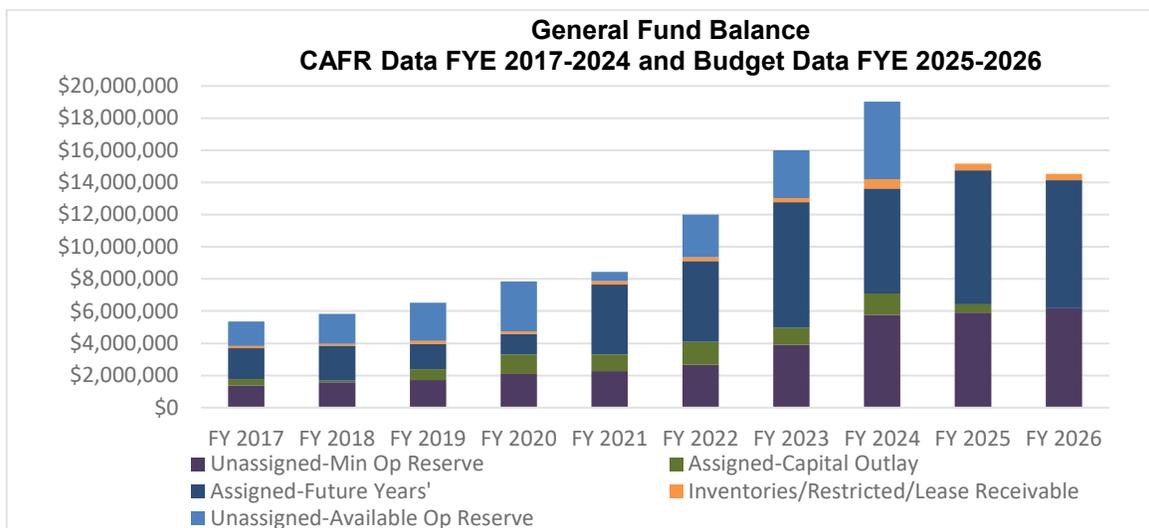
**Analysis of General Fund Balance  
as a Percentage of General Fund Expenditures  
at Fiscal Year End**

Fund Balance Category	FY 2023 Amount	% of Exp.	FY 2024 Amount	% of Exp.	Projected FY 2025 Amount	% of Exp.	Proposed FY 2026 Amount	% of Exp.
Inventories/Restricted/Lease Receivables	\$ 252,289	0.9%	\$ 585,272	1.7%	\$ 400,000	1.1%	\$ 400,000	1.1%
Assigned-Future Years' Use of Op. Reserve	7,786,339	26.3%	6,517,936	18.8%	8,335,277	23.5%	7,953,007	21.5%
Assigned-Capital Outlay Reserve	1,080,660	3.7%	1,327,292	3.8%	507,000	1.4%	7,000	0.0%
Unassigned-Minimum Op. Reserve (Orig)	3,905,300	13.2%	5,779,100	16.7%	5,917,700	16.7%	6,182,800	16.7%
Unassigned-Available Op. Reserve	<u>2,982,448</u>	10.1%	<u>4,821,932</u>	13.9%	<u>0</u>	0.0%	<u>0</u>	0.0%
Total Fund Balance	<u>\$ 16,007,036</u> *	54.1%	<u>\$ 19,031,532</u> *	55.0%	<u>\$ 15,159,977</u>	42.8%	<u>\$ 14,542,807</u>	39.3%
General Fund Orig Budgeted Expenditures	<u>\$ 29,585,140</u>		<u>\$ 34,604,960</u>		<u>\$ 35,434,885</u>		<u>\$ 37,022,700</u>	

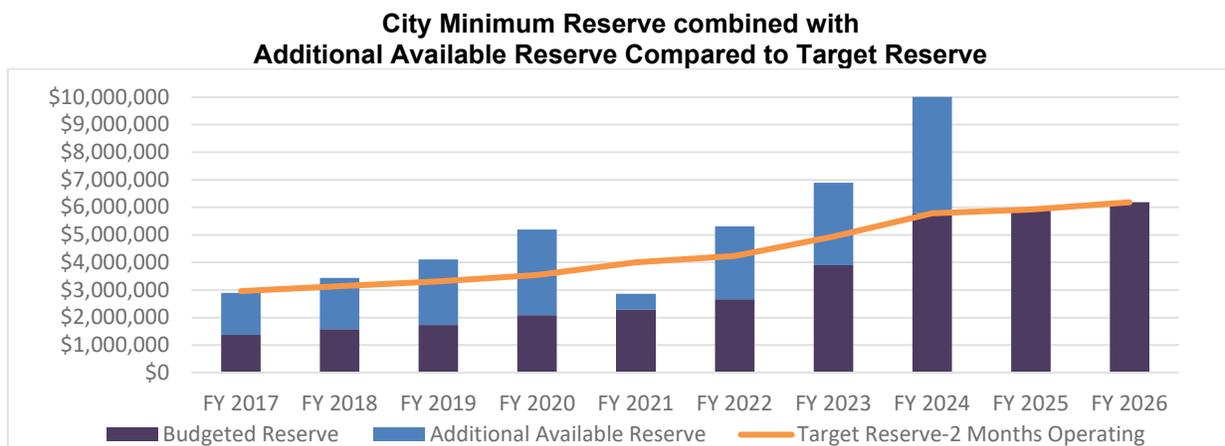
\* FY 2023 and FY 2024 excludes loan proceeds for Canal Maintenance hurricane seawall repairs as they are not available funds for the General Fund and the transfers are not included in the original budgeted expenditures

The following graph presents the general fund balance trend information. The minimum operating reserve is regulated by the City’s financial policy, it is set at 16.7% of the total expenditure appropriations which calculates to \$6,182,800. The second block of the reserves is a funding mechanism for capital outlay that provides a smoothed amount to be funded annually, based on the five year capital outlay plan which is currently an average of \$1,200,000 except for FY 2026 which is \$1,370,000. Those amounts unused will be carried in the reserve until the year scheduled for use.

In FY 2026, \$7,000 is reserved. The third block of the reserves is the amount identified as needed to balance the subsequent years' budgets in the proforma. Because of the five-year plan increasing personnel/service levels, addressing increased costs and addressing needs of infrastructure maintenance and unresolved issues, all funds would be needed in this five year proforma and fiscal years 2029-2030 will still need to address shortfalls in maintaining minimum reserves. The fourth block is the small amount of funds identified in the Annual Comprehensive Financial Report (ACFR) as inventories, restricted, or lease receivables. The final and fifth block is the remaining amount of reserves that are available for use. The City has not appropriated or assigned them for expenditures, and as such, are considered as part of the current operating reserve for purposes of stabilizing the general fund or for Council approved uses. For FY 2026, all funds are currently assigned to balance future years' budgets so this segment is \$0. FY 2023 and FY 2024 exclude reserves related to unspent loan proceeds for Canal Maintenance hurricane seawall repairs as they are not available for general fund use.



The Governmental Finance Officers Association of the U.S. and Canada has a best practice recommendation of a reserve of two months operating expenditures. The following graph shows the best practice level as a line that was reached in FY 2017 and with the FY 2024 budget the minimum requirement is now set at the standard. Due to assignment of additional available reserves to future years' budgets for the reasons enumerated above during this year's budget development, only the minimum budgeted reserve is showing in FY 2025 and FY 2026.



## City Leased Property Fund

The Community Redevelopment Agency (CRA) sunsetted in May 2024 as per approved resolutions by the County and the City. Maintenance expenditures for the parking garage and other CRA infrastructure were moved to the general fund. Leases for the units in Herald Court Centre and other properties and associated expenditures for maintenance were moved to a new special revenue fund for City Leased Property.

The proforma for the fund has been divided into two divisions: operations of Herald Court Centre (HCC) funded by HCC leases and non-departmental maintenance of infrastructure funded by other leases. The other leases have no restriction of use can be used toward maintenance of the marina, interactive fountain, restrooms and pavilions adjacent to the marina, mooring field, HCC parking structure and numerous gateway enhancements, intersection treatments, pocket parks and Martin Luther King Boulevard.

The Herald Court lease revenue for FY 2027 through FY 2030 projects one vacant unit as leases are coming up for renewal so as not to over project revenues. The City will be using the units previously occupied by Florida Gulf Coast University through FY 2026 to house staff from City Hall as the rehabilitation of that building required that employees be relocated. Although this will reduce lease revenues, the City will continue to cover the common area maintenance costs that would be contributed by those units. Based on these projections, the reserve for the Herald Court Centre shows a balance of \$85,975 in FY 2026 and reducing to \$14,090 at end of FY 2030. Council will be discussing leases and use of the Herald Court Centre spaces at future council meetings. This reserve has two segments, the first is those funds received through the common area maintenance (CAM) fee and prepaid taxes from tenants that must be reserved for such use, and the second is available to cover shortfalls in lease revenue for purposes of ongoing operations and maintenance.

### City Leased Property Fund Proforma Schedule of Revenues and Expenditures Proposed FY 2026 through Proforma FY 2030

	Proposed FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029	Proforma FY 2030
<b>Herald Court Operations Division</b>					
Herald Court Revenues	\$247,425	\$271,750	\$278,640	\$286,385	\$294,480
Herald Court Operating Expenditures	266,880	286,500	297,175	305,445	314,020
Revenues in Excess (Shortfall) of Herald Ct Operations	(19,455)	(14,750)	(18,535)	(19,060)	(19,540)
Reserve - Herald Ct (Beg)	105,430	85,975	71,225	52,690	33,630
<b>Reserve - Herald Ct (End)</b>	<b>\$85,975</b>	<b>\$71,225</b>	<b>\$52,690</b>	<b>\$33,630</b>	<b>\$14,090</b>
<b>Non-Departmental Division</b>					
Non-Departmental Revenues	\$150,185	\$155,950	\$161,725	\$167,515	\$174,820
Non-Departmental Expenditures	0	0	0	0	0
Revenues in Excess (Shortfall) of Other Operations	150,185	155,950	161,725	167,515	174,820
Reserve - Other Operations (Beg)	855,143	1,005,328	1,161,278	1,323,003	1,490,518
<b>Reserve - Other Operations (End)</b>	<b>\$1,005,328</b>	<b>\$1,161,278</b>	<b>\$1,323,003</b>	<b>\$1,490,518</b>	<b>\$1,665,338</b>

## Utilities

The FY 2026 spending plan for Utilities operations, maintenance and repair (OM&R) is \$32,465,140 which is \$1,361,340 or 4.4% more than FY 2025 budget. The increase is attributable to: the increase in transfers to the Utilities construction fund of \$2.1 million for the capital improvement plan; decrease in transfer to debt service reserves of \$1.5 million; personnel expenses increase of \$0.4 million or 4.3% mainly due to four position additions of a project manager and engineering technician in administration, and two maintenance workers in water distribution; operating expenses increase of \$0.7 million or 6.6% due to increases being experienced due to manual meter reading contract while AMI systems are reviewed, one-time valve maintenance program contract, annual well field management consulting, new annual requirements for nutrient management plan, sludge hauling, and electricity increases; Capital outlay decreased \$0.3 million for FY 2026 for normal capital replacements of vehicles and equipment which include a two vehicles in administration, an all-terrain vehicle, and a pickup truck at water treatment plant, two pickup trucks in water distribution, an enclosed televising cargo trailer in wastewater collection, and equipment such as pumps, motors, mixers, generators, etc. are also scheduled.

City of Punta Gorda Utilities O M & R Fund Revenue and Expense Comparison Actual FY 2023 through Proposed FY 2026						
	Actual 2023	FY Actual 2024	FY Budget FY 2025	Projected FY 2025	Proposed FY 2026	
<b>Revenues:</b>						
Chg for Serv - Water	\$ 12,851,386	\$ 13,696,635	\$ 13,431,505	\$ 14,415,250	\$ 15,739,685	
Chg for Serv - Sewer	8,737,026	9,269,422	9,751,515	9,871,955	11,063,760	
Other	2,300,497	3,203,266	1,178,395	1,695,825	981,790	
Subtotal	23,888,909	26,169,323	24,361,415	25,983,030	27,785,235	
Reserves	10,251,871	14,928,082	4,381,647	4,381,647	8,882,542	
<b>Total Revenues</b>	<b>\$ 34,140,780</b>	<b>\$ 41,097,405</b>	<b>\$ 28,743,062</b>	<b>\$ 30,364,677</b>	<b>\$ 36,667,777</b>	
<b>Expenses:</b>						
Administration	\$ 1,935,207	\$ 2,128,944	\$ 2,403,235	\$ 2,413,110	\$ 2,686,760	
Water	6,097,859	7,637,065	8,663,230	8,999,445	9,233,785	
Wastewater	6,565,684	6,833,465	8,267,975	8,700,220	8,450,195	
Other	809,353	626,689	999,765	999,765	739,805	
Debt and Debt Transfers	999,595	999,595	2,499,595	2,499,595	999,595	
Transfer for Capital	2,805,000	8,090,000	8,270,000	8,270,000	10,355,000	
Temporary Transfer for Capital	0	10,400,000	0	(10,400,000)	0	
Subtotal	19,212,698	36,715,758	31,103,800	21,482,135	32,465,140	
Reserves	14,928,082	4,381,647	3,907,082	8,882,542	4,202,637	
<b>Total Expenses</b>	<b>\$ 34,140,780</b>	<b>\$ 41,097,405</b>	<b>\$ 35,010,882</b>	<b>\$ 30,364,677</b>	<b>\$ 36,667,777</b>	

The current five-year financial forecast is based on 2-day per week watering; average rainfall; 12% rate increases annually through FY 2029 and then 5% in FY 2030; and new financing based on the FY 2026-2030 capital improvement plan. The City Council adopted a financial policy in March 2014 to fund \$1,120,000 with current revenues those expenses for recurring line and lift station repairs and replacements. A Rate Sufficiency Study performed by Stantec will be presented to Council at the end of August to support the significant increases added to the Capital Improvement Plan in FY 2025 and 2026 and inflationary increases experienced since the 2020 Rate Sufficiency

Study. Discussion will also encompass impact fee adjustments. The FY 2026 proposed rate increase is 12%. The Septic to Sewer financial plan for properties in the Utilities service area that are outside the City limits has been pushed back in the 2026-2030 capital improvement plan pending obtaining grants for the project. The City will continue to look for ways to reduce expenses, explore alternative financing, and opportunities for grants.

**Utilities OM&R Fund  
Proforma Schedule of Revenues and Expenses  
Proposed FY 2026 through Proforma FY 2030**

	<b>Proposed FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>	<b>Proforma FY 2030</b>
<b>Revenues:</b>					
Chg for Serv - Water	\$15,739,685	\$17,707,145	\$19,911,095	\$22,379,910	\$23,573,795
Chg for Serv - Sewer	11,063,760	12,446,730	14,147,925	15,901,550	16,749,265
Other Revenue	981,790	1,922,715	1,923,665	1,924,645	1,955,655
Annual Assessments - Septic to Sewer-Area 1	0	0	350,000	350,000	350,000
<b>Total Revenues</b>	<b>27,785,235</b>	<b>32,076,590</b>	<b>36,332,685</b>	<b>40,556,105</b>	<b>42,628,715</b>
<b>Expenses:</b>					
Operations	21,110,545	21,575,880	22,880,135	22,851,270	23,886,640
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	9,235,000	6,250,000	2,585,000	4,500,000	600,000
Existing Debt Service - RO SRF Loan	999,595	999,595	999,595	999,595	999,595
Transfer to SRF Fund-reserve incr(decr)	0	1,500,000	0	0	0
Est. new debt service WWTP	0	1,750,225	3,500,450	3,500,450	3,500,450
Est. new debt service AMI Equipment Replacement	0	0	1,223,135	1,223,135	1,223,135
Est. new debt service WTP Filtration Rehab	0	0	1,705,550	3,411,100	3,411,100
Est. new debt service WTP RO Expansion	0	0	1,705,550	3,411,100	3,411,100
Est. new debt service Septic to Sewer-Area 1	0	0	0	344,000	688,000
<b>Total Expenses</b>	<b>32,465,140</b>	<b>33,195,700</b>	<b>35,719,415</b>	<b>41,360,650</b>	<b>38,840,020</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(4,679,905)</b>	<b>(1,119,110)</b>	<b>613,270</b>	<b>(804,545)</b>	<b>3,788,695</b>
<b>Operating Reserves-Beg</b>	<b>8,882,542</b>	<b>4,202,637</b>	<b>3,083,527</b>	<b>3,696,797</b>	<b>2,892,252</b>
<b>Operating Reserves-End</b>	<b>\$4,202,637</b>	<b>\$3,083,527</b>	<b>\$3,696,797</b>	<b>\$2,892,252</b>	<b>\$6,680,947</b>

### Utilities Reserves

The City has legal and adopted financial policies utilizing reserves for the following purposes:

- Maintain an unassigned fund balance minimum of \$3.1 million; protection against unforeseen revenue declines and extraordinary operating expenses due to economic or weather disasters, and contract bids or equipment failures.
- Provide an emergency fund for existing infrastructure by retaining the Renewal and Replacement fund of \$1.5 million, which until January 2014 was required by bond covenants;
- Utilize a Capital Outlay reserve to provide level funding. City Council has approved an average \$930,000 over the five year plan for FY 2026 through FY 2030. If the funds are not spent in the budgeted fiscal year, they will be placed in the Capital Outlay reserves. This will ensure that current and future aging issues of mechanical parts in both plants can be addressed in an adequate manner.
- Existing State Revolving Loan Fund (SRF) reserve fund maintains one year of debt service payments and shows an increase of \$1,500,000 projected in FY 2027 in anticipation of SRF

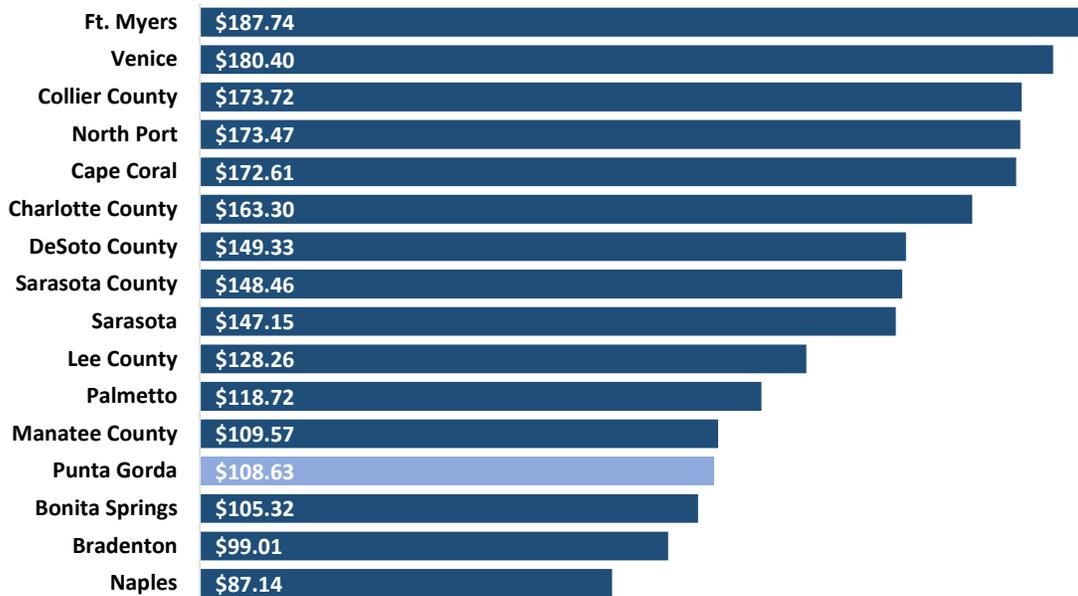
loan funding requirements based on amounts drawn for the wastewater treatment plant improvement/expansion and other projects. Additional reserve funds may be needed in the future.

- The water and sewer impacts have restricted use and are kept in a reserve for growth related capital projects, such the Groundwater Reverse Osmosis (RO) Water Treatment Plant, new or upsized water mains, wastewater force main on Riverside Drive, septic to sewer project areas, and planned expansion of the wastewater plant.

### Utilities Rate Comparison

The City’s utility rates are the 4th lowest among the Southwest Florida utilities surveyed at the proposed FY 2026 rates.

#### Combined Water & Sewer Bill Survey at 7,000 Gallons per Month



### Utilities Construction

Total FY 2026 capital projects of \$57.9 million are being funded with user charges, unassigned operating reserves through a transfer to the Utilities Construction Fund, financing, and/or grants. Some of the projects included in FY 2026 are: Lift Station 30 gravity rehabilitation, wastewater master pump facility upgrade, wastewater pond liner replacements, bio-solids off-site disposal processing from the wastewater plant, water plant carbon slurry system replacement, water treatment plant filters and solid contact units rehabilitation, reverse osmosis expansion, and AMI meter system replacement. Various financing options will be explored as well as any grant opportunities.

**Utilities Construction Fund  
Proforma Schedule of Revenues and Expenses  
Proposed FY 2026 through Proforma FY 2030**

	<b>Proposed FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>	<b>Proforma FY 2030</b>
<b>Revenues:</b>					
Transfer from Utilities OM&R	\$10,355,000	\$7,370,000	\$3,705,000	\$5,620,000	\$1,720,000
Estimated Financing of WTP Filtration	11,521,000	11,521,000	0	0	0
Estimated Financing of RO Expansion	26,000,000	26,000,000	0	0	0
Estimated Financing of AMI Equipment	10,000,000	0	0	0	0
Estimated Grants Septic to Sewer	0	0	2,750,000	0	0
Estimated Financing Septic to Sewer	0	1,000,000	10,286,400	0	0
<b>Total Revenues</b>	<b>\$57,876,000</b>	<b>\$45,891,000</b>	<b>\$16,741,400</b>	<b>\$5,620,000</b>	<b>\$1,720,000</b>
<b>Expenses:</b>					
Water Treatment Plant Improvements	\$40,506,000	\$38,521,000	\$500,000	\$800,000	\$600,000
Water Distribution System Imprv	10,220,000	220,000	220,000	3,720,000	220,000
Wastewater Collection System Imprv	2,250,000	2,250,000	900,000	900,000	900,000
Wastewater Treatment Plant Imprv	4,900,000	3,900,000	2,085,000	200,000	0
Septic to Sewer Projects	0	1,000,000	13,036,400	0	0
<b>Total Expenses</b>	<b>\$57,876,000</b>	<b>\$45,891,000</b>	<b>\$16,741,400</b>	<b>\$5,620,000</b>	<b>\$1,720,000</b>

## Sanitation

The City operates its sanitation services as an enterprise fund and collects refuse two days per week and horticulture one day per week for 12,600 residential accounts. For the 660 commercial accounts collection is available 6 days per week. The City implemented semi-automatic pickup system with carts which is expected to reduce injuries and yet allow the full-service that Punta Gorda residents appreciate. The City's recycling program provides a 48 gallon rolling cart to each household, which is collected one day per week by an outside vendor. The program continues in FY 2026 with no proposed rate increase as the contract rate will not increase. The proposed increase for refuse/yardwaste rates is a \$1.50 per month or \$18.00 per year due to costs increasing in all areas from contractual/inflationary increases, labor increases, insurance increases, equipment (packers) increases, etc. An industrial standard study is budgeted in FY 2025 to review routes, rates for services and current practices to provide suggestions for improvements, future needs and rates.

The five year plan reflects the capital replacements needed which will be reviewed each year to analyze repair costs to determine if a replacement could be delayed. The increased expenses has necessitated projected rate increases each year through FY 2030 which will be reviewed each budget cycle.

**Sanitation Fund**  
**Proforma Schedule of Revenues and Expenses**  
**Proposed FY 2026 through Proforma FY 2030**

	<b>Proposed FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>	<b>Proforma FY 2030</b>
<b>Revenues:</b>					
Chg for Serv - Refuse Collection	\$5,347,415	\$5,603,975	\$5,860,865	\$6,153,335	\$6,447,370
Other Revenue	74,100	55,600	55,600	55,600	55,600
<b>Total Revenues</b>	<b>5,421,515</b>	<b>5,659,575</b>	<b>5,916,465</b>	<b>6,208,935</b>	<b>6,502,970</b>
<b>Expenses:</b>					
Operations	5,100,115	5,227,110	5,388,690	5,627,895	5,878,275
Capital	405,000	200,000	405,000	405,000	405,000
<b>Total Expenses</b>	<b>5,505,115</b>	<b>5,427,110</b>	<b>5,793,690</b>	<b>6,032,895</b>	<b>6,283,275</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(83,600)</b>	<b>232,465</b>	<b>122,775</b>	<b>176,040</b>	<b>219,695</b>
<b>Operating Reserves-Beg</b>	<b>861,250</b>	<b>777,650</b>	<b>1,010,115</b>	<b>1,132,890</b>	<b>1,308,930</b>
<b>Operating Reserves-End</b>	<b>\$777,650</b>	<b>\$1,010,115</b>	<b>\$1,132,890</b>	<b>\$1,308,930</b>	<b>\$1,528,625</b>

To compare the City's rates with surrounding jurisdictions, a survey was taken during August 2025. All rates include once per week service for yard waste and recycling and either once or twice per week refuse pickup, as noted.

**Sanitation Rate Comparison for FY 2026**

<b>Jurisdiction</b>	<b>Proposed FY 2026 Cost/Year</b>	<b>Frequency of Service per Week</b>	<b>Outsourced</b>
Naples	\$460.34	2	No
City of Sarasota	\$389.40	1	No
Cape Coral	\$384.25	1	Yes
<b>Punta Gorda</b>	<b>\$362.40</b>	<b>2</b>	<b>No</b>
Charlotte County	\$325.38	1	Yes
Lee Co. (Avg 6 districts)	\$318.38	1	Yes
Venice	\$302.52	2	No
North Port	\$302.50	1	No
Manatee County	\$283.80	1	Yes
Fort Myers	\$277.70	1	No
Sarasota County	\$263.96	1	Yes
Collier County	\$255.52	2	Yes

**Punta Gorda Isles Canal Maintenance District**

The proposed budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects City Council approval to increase the proposed operating assessment from \$1,200 to \$1,350. Continued increases to the program are expected based on the seawall study completed in FY 2021 as well as increased costs currently being realized in the current economic environment and the district's portion for Hurricane Ian seawall repairs and hazard mitigation. This will be reviewed annually. Council approved the addition of two canal maintenance worker positions to help with the building of seawall panels of the increased program levels.

The City continues to work closely with FEMA and the State regarding Hurricane Irma rip rap mitigation and Hurricane Ian seawall repairs and mitigation. Obligations for Hurricane Ian projects have not been received yet. Projects not completed by end of FY 2025 will be re-appropriated to FY 2026 along with the associated loan transfers, debt service payments, and FEMA and State reimbursements. For obligated projects the funding share is FEMA and State reimbursements (95%) and district assessments (5%). The City will also be receiving \$500,000 from State funding that can be used towards the district share. This will be allocated between both districts.

The five-year proforma proposes increasing assessments through FY 2030. The annual program is approximately 10,000 lineal feet in FY 2026. It then increases 1,000 lineal feet per year thereafter. A reserve for contingency is budgeted in each year to be used for an emergency repair not scheduled in the program and can be authorized for use by City Manager. Contracted seawall inspections for condition assessment are included in two phases with estimated cost of \$30,000 and \$20,000 in every other year respectively. Channel construction to access spoil site project is scheduled in the five-year program. Due to the increases in the program, administrative charges increased causing the proforma to show a negative balance in FY 2030. This will be reviewed each year as contingencies not used will be added back to reserves and the division also works reduce the estimated increases in future years.

**PGI Canal Maintenance Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2026 through Proforma FY 2030**

	Proposed FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029	Proforma FY 2030
Assessment Rate	\$1,350	\$1,500	\$1,650	\$1,800	\$1,950
<b>Revenues:</b>					
Operating Assessment	\$7,020,415	\$7,800,030	\$8,579,650	\$9,359,265	\$10,138,880
Other Revenue	158,000	143,000	128,000	105,500	105,500
<b>Total Revenues</b>	<b>7,178,415</b>	<b>7,943,030</b>	<b>8,707,650</b>	<b>9,464,765</b>	<b>10,244,380</b>
<b>Expenditures:</b>					
Operations	1,866,560	1,928,405	2,013,745	2,082,145	2,174,360
Inlet Dredging	60,000	60,000	60,000	60,000	60,000
Seawalls and Stabilization	6,199,700	6,910,690	7,643,010	8,397,300	9,174,220
Capital Outlay & Special Projects	339,200	310,000	267,000	0	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
<b>Total Expenditures</b>	<b>8,515,460</b>	<b>9,259,095</b>	<b>10,033,755</b>	<b>10,589,445</b>	<b>11,458,580</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(1,337,045)</b>	<b>(1,316,065)</b>	<b>(1,326,105)</b>	<b>(1,124,680)</b>	<b>(1,214,200)</b>
<b>Operating Reserves-Beg</b>	<b>5,522,176</b>	<b>4,410,131</b>	<b>3,319,066</b>	<b>1,992,961</b>	<b>868,281</b>
<b>Reserve Seawall Replacement-Beg</b>	<b>450,000</b>	<b>225,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reserve Seawall Replacement-End</b>	<b>\$225,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Reserves-End</b>	<b>\$4,410,131</b>	<b>\$3,319,066</b>	<b>\$1,992,961</b>	<b>\$868,281</b>	<b>(\$345,919)</b>

**Burnt Store Isles Canal Maintenance District**

The proposed budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the City Council approval for the assessment to increase from \$985 to \$1,010. This represents an operating assessment rate of \$920 and \$90 for the lock removal project. Continued increases to the program are expected based on the seawall study completed in FY 2021 as well as increased costs currently being realized in the current economic environment. This will be reviewed annually. The advisory committee and City Council recognize the need for additional lineal footage to be added to

the current 1,100 lineal feet program but would like to review the upcoming seawall assessment report. Council approved moving forward with the Channel Corner Widening project and the acquisition of land for staging in the proposed budget. The proposed budget also includes the added second seawall inspector mid FY 2025 to help with inspections for FEMA and increased program and addition of two canal maintenance workers in FY 2026 for increased panel production.

The City continues to work closely with FEMA and the State regarding Hurricane Irma rip rap mitigation and Hurricane Ian seawall repairs and mitigation. Obligations for Hurricane Ian projects have not been received yet. Projects not completed by end of FY 2025 will be re-appropriated to FY 2026 along with the associated loan transfers, debt service payments, and FEMA and State reimbursements. For obligated projects the funding share is FEMA and State reimbursements (95%) and district assessments (5%). The City will also be receiving \$500,000 from State funding that can be used towards the district share. This will be allocated between both districts.

The five-year proforma proposes increasing assessments for inflationary costs, \$25 increases annually and \$90 annually for repayment of interfund loan for the lock removal project through FY 2028. Additional assessments are expected and will be reviewed each year in order to address the findings of the seawall study. A reserve for contingencies is budgeted in each year to be used for an emergency repair not scheduled in the program and can be authorized for use by City Manager. Contracted seawall inspections for condition assessment are included with estimated cost of \$10,000 every other year. The lock wood railing improvement project is not budgeted and funding sources would need to be determined if approved at a later date. Proforma includes a separate section that shows the effect on reserves if project were to move forward without additional funding/assessments.

**BSI Canal Maintenance Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2026 through Proforma FY 2030**

	<b>Proposed FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>	<b>Proforma FY 2030</b>
Operating Rate	\$920	\$945	\$970	\$995	\$1,020
Special Project Rate	\$90	\$90	\$90	\$0	\$0
<b>Revenues:</b>					
Operating Assessment	\$948,560	\$974,335	\$1,000,110	\$1,025,885	\$1,051,660
Special Project Assessment	92,795	92,795	92,795	0	0
Miscellaneous Revenue	42,000	42,000	42,000	42,000	42,000
<b>Total Revenues</b>	<b>1,083,355</b>	<b>1,109,130</b>	<b>1,134,905</b>	<b>1,067,885</b>	<b>1,093,660</b>
<b>Expenditures:</b>					
Operations	173,710	178,420	173,300	188,360	183,610
Seawalls and Stabilization	717,505	739,160	761,470	784,450	808,115
Barge Access/Lock Removal Proj Debt Service	91,200	91,200	91,200	0	0
Land Acquisition for staging	100,000	100,000	100,000	100,000	100,000
Channel Corner Widening	100,000	100,000	300,000	325,000	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
<b>Total Expenditures</b>	<b>1,232,415</b>	<b>1,258,780</b>	<b>1,475,970</b>	<b>1,447,810</b>	<b>1,141,725</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(149,060)</b>	<b>(149,650)</b>	<b>(341,065)</b>	<b>(379,925)</b>	<b>(48,065)</b>
<b>Operating Reserves-Beg</b>	<b>1,524,349</b>	<b>1,375,289</b>	<b>1,225,639</b>	<b>884,574</b>	<b>504,649</b>
<b>Reserve Seawall Repl &amp; Spec.Proj-Beg</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Reserve Seawall Repl &amp; Spec.Proj-End</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>Operating Reserves-End</b>	<b>\$1,375,289</b>	<b>\$1,225,639</b>	<b>\$884,574</b>	<b>\$504,649</b>	<b>\$456,584</b>
<b>Projects Requiring Approval &amp; Funding:</b>					
Lock Wood Railing Improvement	160,000	375,000	0	0	0
Est. Beg. Reserves with projects	1,724,349	1,415,289	890,639	549,574	169,649
Est. End. Reserves with projects	<b>\$1,415,289</b>	<b>\$890,639</b>	<b>\$549,574</b>	<b>\$169,649</b>	<b>\$121,584</b>

## Laishley Park Marina

Opened in April 2007, Laishley Park is operated as an enterprise fund to include the marina and park grounds. The City outsourced management of the marina to Marina Park LLC, however retained the authority to set boat slip, community room, ship’s store and pavilion rental rates. The budget reflects projected revenues from the above sources as well as personnel and operating costs associated with management of the marina area. The marina is operated and open year round.

Beginning reserves for FY 2026 were greatly affected by significantly reduced revenue in FY 2025 caused by the devastating damages caused by Hurricanes Helene and Milton in September 2024 and October 2024 to the slips and mooring field. The community room was also being used for City meetings. The FY 2026 revenue projects similar reductions to slips and estimates mooring field opening mid-year. The community room estimates rentals also beginning when City meetings return to Council Chambers at City Hall. The City will apply for a Department of Environmental Protection Clean Vessel Act (CVA) Grant and a Charlotte County Marine Advisory Committee (MAC) Grant for FY 2026 to offset costs of maintenance and repairs of the Laishley Park Municipal Marina Pumpout Boat. A short-term contract for marina management is out to bid while the majority of Marina slips are out of service but services still required to remain open for daily use of the day docks, boat ramp, ship store, and building.

The five-year proforma maintains the September 2023 rate schedules but will need to be reviewed for possible rate increases in FY 2026. Also boat parking and/or boat ramp fees, typically used for upkeep of the boat ramp, repairs of the docks associated with use of the ramp, parking at the ramp, or restroom facilities will also be considered in FY 2026. The City’s general fund and/or the leased property fund may have to subsidize in the short run due to the lost revenue over the last few years due to the damaged docks from Hurricanes Ian, Helene, and Milton. Because the current slips are no longer available from the prior manufacturer, a new slip system may be required. Funding not covered by FEMA will need to be determined once cost estimates are developed.

### Laishley Park Marina Fund Proforma Schedule of Revenues and Expenses Proposed FY 2026 through Proforma FY 2030

	Proposed FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029	Proforma FY 2030
<b>Revenues:</b>					
Slip & Mooring Rentals	\$131,395	\$135,150	\$135,150	\$449,650	\$449,650
Intergovernmental Revenue	12,000	12,000	12,000	12,000	12,000
Other Revenue	25,155	24,645	24,885	25,125	25,365
<b>Total Revenues</b>	<b>168,550</b>	<b>171,795</b>	<b>172,035</b>	<b>486,775</b>	<b>487,015</b>
<b>Expenses:</b>					
Laishley Park Marina Expenses	170,135	171,585	177,220	278,740	285,860
Marina Park Contract Expenses	233,105	239,415	246,290	307,675	316,545
Capital Outlay	0	0	0	6,000	6,000
<b>Total Expenses</b>	<b>403,240</b>	<b>411,000</b>	<b>423,510</b>	<b>592,415</b>	<b>608,405</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(234,690)</b>	<b>(239,205)</b>	<b>(251,475)</b>	<b>(105,640)</b>	<b>(121,390)</b>
<b>Operating Reserves-Beg</b>	<b>248,755</b>	<b>14,065</b>	<b>(225,140)</b>	<b>(476,615)</b>	<b>(582,255)</b>
<b>Operating Reserves-End</b>	<b>\$14,065</b>	<b>(\$225,140)</b>	<b>(\$476,615)</b>	<b>(\$582,255)</b>	<b>(\$703,645)</b>

## Building

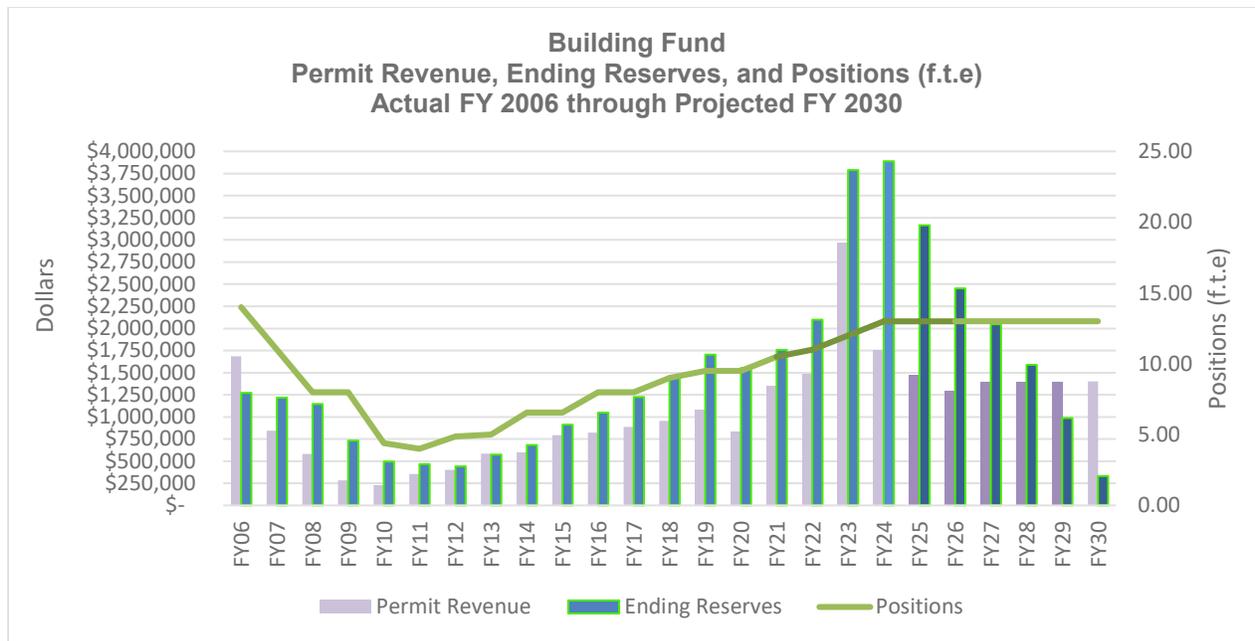
The Building fund is operated as an enterprise fund and includes all aspects of permitting, inspections, plans review and licensing of contractors to support the State and City building codes. The City has established various permit fees to pay for services provided. Staffing had been reduced from thirteen positions in FY 2006 to five in FY 2013 with furloughs due to a decline in permit applications, inspections and stagnant growth trends. Since the turnaround that began in FY 2013, staff was reinstated to full 40 hour work weeks and staff has increased to 13.0 f.t.e. A career progression path for permit technicians will be developed and implemented in FY 2026. Two engineering technician positions that were split 50% with Engineering will be fully funded by the general fund for right-of-way inspections along with the revenue for the inspections. The net 1 f.t.e position will be moved to a permit technician. During the last three fiscal years, 1.5 f.t.e. temporary employees were used for scanning and filing projects. If the need continues into FY 2026, an additional appropriation will be needed. The proposed FY 2026 budget includes annual software subscriptions for customer queuing system and new software that would expand on-line web transactions and contractual services for specific disciplines as needed. Training budget was increased for continuing education and trainings to increase disciplines of current staff.

The five-year proforma projects permit revenues at \$1.3 million in FY 2026 and then \$1.4 million annually thereafter. Staffing and contractual services will be monitored for needs based on permit volume and complexity.

### Building Fund Proforma Schedule of Revenues and Expenses Proposed FY 2026 through Proforma FY 2030

	Proposed FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029	Proforma FY 2030
<b>Revenues:</b>					
Permits, Fees & Spec.Assessments	\$1,327,000	\$1,427,000	\$1,427,000	\$1,427,000	\$1,427,000
Other Revenue	159,000	147,000	126,000	108,000	93,000
<b>Total Revenues</b>	<b>1,486,000</b>	<b>1,574,000</b>	<b>1,553,000</b>	<b>1,535,000</b>	<b>1,520,000</b>
<b>Expenses:</b>					
Operations	2,199,455	1,933,995	2,011,165	2,091,655	2,175,625
Capital	0	45,000	0	45,000	0
<b>Total Expenses</b>	<b>2,199,455</b>	<b>1,978,995</b>	<b>2,011,165</b>	<b>2,136,655</b>	<b>2,175,625</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(713,455)</b>	<b>(404,995)</b>	<b>(458,165)</b>	<b>(601,655)</b>	<b>(655,625)</b>
<b>Operating Reserves-Beg</b>	<b>3,165,789</b>	<b>2,452,334</b>	<b>2,047,339</b>	<b>1,589,174</b>	<b>987,519</b>
<b>Operating Reserves-End</b>	<b>\$2,452,334</b>	<b>\$2,047,339</b>	<b>\$1,589,174</b>	<b>\$987,519</b>	<b>\$331,894</b>

As experienced in the previous economic downturn (FY 2008 – 2013), the level of reserves projected is necessary to continue necessary levels of service even during downturns in new construction starts. The chart below shows actual permit revenue, ending reserves and staffing from actual FY 2006 through FY 2024 and projected FY 2025 through FY 2030.



## Gas Tax

Based on state statutes providing restrictions on use of gas tax revenue, the City has established local option fuel taxes in two funds. The first six cents is used for transportation expenditures such as roadway and right of way maintenance, drainage, street sweeping, street lights, traffic sign and signals, bridge maintenance, railroad crossings and sidewalk repairs. The second five cents is used only for road capital improvement such as paving rejuvenation and resurfacing.

Proceeds from fuel taxes are distributed by the State to Charlotte County and the City. The City’s share for the first six cents distribution was increased from 10.34% to 10.98% beginning July 1, 2020, and the next five cents remains at 6.74%. The distribution allocation is determined by the five-year average transportation expenditures or interlocal agreement. A history of revenue received since FY 2017 is displayed below.

Fiscal Year	6 Cents	5 Cents	Total
2017	\$ 593,900	\$ 277,500	\$ 871,400
2018	\$ 607,200	\$ 279,200	\$ 877,300
2019	\$ 598,700	\$ 272,800	\$ 871,500
2020	\$ 564,900	\$ 259,600	\$ 824,500
2021	\$ 612,600	\$ 280,300	\$ 892,900
2022	\$ 673,000	\$ 295,300	\$ 968,300
2023	\$ 691,000	\$ 296,600	\$ 987,600
2024	\$ 675,900	\$ 282,500	\$ 958,400
2025	\$ 690,400	\$ 292,100	\$ 982,500
2026	\$ 704,200	\$ 297,900	\$ 1,002,100

The effect of elasticity of gas consumption (the tax is charged on gallons not dollars) can be seen in years of increased gas prices resulting in a decline of revenue and in years of decreased gas prices resulting in an increase of revenue. During FY 2020, the City experienced a decrease in revenues as compared to FY 2019 due to the COVID pandemic that resulted in statewide and local shutdowns and reduced travel. Revenues rebounded in the following years despite the increase in gas prices due to continued business and consumer spending. Projections and proposed FY 2026 show a slight increase as normal trends resume. State projections have not yet been posted and proposed estimates may need to be adjusted when they are released.

The Six Cent Gas Tax Fund five-year proforma projects gas tax revenue with growth of 2% per year FY 2026 through FY 2030. The use of reserves covers shortfalls through FY 2028. Sidewalk improvements was reduced and will be completed by new right-of-way workers in the general fund. If pricing of commodities that saw significant increases over the last several years do not come down, the City would be faced with reducing the service levels or subsidizing the fund from general fund revenues.

**Six Cent Gas Tax Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2026 through Proforma FY 2030**

	Proposed FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029	Proforma FY 2030
<b>Revenues:</b>					
Local Option Gas Tax	\$704,240	\$718,325	\$732,690	\$747,345	\$762,290
Other Revenue	365,650	366,600	369,095	375,460	382,415
<b>Total Revenues</b>	<u>1,069,890</u>	<u>1,084,925</u>	<u>1,101,785</u>	<u>1,122,805</u>	<u>1,144,705</u>
<b>Expenditures:</b>					
Operating Expenditures	1,165,535	1,189,500	1,214,185	1,239,615	1,265,810
<b>Total Expenditures</b>	<u>1,165,535</u>	<u>1,189,500</u>	<u>1,214,185</u>	<u>1,239,615</u>	<u>1,265,810</u>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	(95,645)	(104,575)	(112,400)	(116,810)	(121,105)
<b>Operating Reserves-Beg</b>	<u>345,742</u>	<u>250,097</u>	<u>145,522</u>	<u>33,122</u>	<u>(83,688)</u>
<b>Operating Reserves-End</b>	<u>\$250,097</u>	<u>\$145,522</u>	<u>\$33,122</u>	<u>(\$83,688)</u>	<u>(\$204,793)</u>

The Additional Five Cent Gas Tax Fund five-year proforma projects 2% increases FY 2026 through FY 2030, which does not fully support the required annual paving management program as identified by the City Engineering Division. Council addressed the importance of maintaining the City’s road infrastructure with a policy of transferring ad valorem millage revenue of \$709,000 as an ongoing subsidy. A consultant was engaged in FY 2024 to develop the five year paving management plan using a higher level of technology for more precise mapping of conditions of City roads. The results of this plan is expected to be presented to City Council in October 2025.

**Additional Five Cent Gas Tax Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2026 through Proforma FY 2030**

	Proposed FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029	Proforma FY 2030
<b>Revenues:</b>					
Local Option Gas Tax	\$297,910	\$303,870	\$309,950	\$316,150	\$322,470
Transfer from General Fund Ad Valorem	709,000	709,000	709,000	709,000	709,000
Other Revenues	1,875	1,375	1,050	875	875
<b>Total Revenues</b>	<b>1,008,785</b>	<b>1,014,245</b>	<b>1,020,000</b>	<b>1,026,025</b>	<b>1,032,345</b>
<b>Expenditures:</b>					
Paving	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
<b>Total Expenditures</b>	<b>1,030,000</b>	<b>1,030,000</b>	<b>1,030,000</b>	<b>1,030,000</b>	<b>1,030,000</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(21,215)</b>	<b>(15,755)</b>	<b>(10,000)</b>	<b>(3,975)</b>	<b>2,345</b>
<b>Operating Reserves-Beg</b>	<b>85,381</b>	<b>64,166</b>	<b>48,411</b>	<b>38,411</b>	<b>34,436</b>
<b>Operating Reserves-End</b>	<b>\$64,166</b>	<b>\$48,411</b>	<b>\$38,411</b>	<b>\$34,436</b>	<b>\$36,781</b>

### 1% Local Option Sales Tax

The voters of Charlotte County approved a six-year extension of the 1% Local Option Sales Tax in November 2020. A special revenue fund is being used to account for all activity.

The City anticipates funding in the amount of \$26.2 million from January 1, 2021 through December 31, 2026 when the tax sunsets unless extended by the voters of the County. Projects incorporated in the six-year program for FY 2026 including continuing projects:

- Historic District Infrastructure
- Historic City Hall Preservation and Rehabilitation
- Public Safety Building
- City-wide ADA Improvements
- Drainage Improvements Boca Grande Area
- Decorative Standards US 41 SB Bridge Ramp and US 41 NB
- Henry Street Property Improvements
- Henry Street Crosswalks
- Henry Street Sidewalk
- Freeman House Preservation
- Virginia Avenue Improvements
- Shreve Street Improvements
- Bayfront Activity Center
- US 41 Complete Street – Airport to Carmalita

### General Construction Fund

Projects in the general construction fund for FY 2026 come from transfers from the general fund, impact fee funds, and the special use fund and grant funding. An impact fee study was completed and new rates were developed for the next four years. It will suspend the public safety impact fee

and create a new impact fee for public facilities. The annual drainage program is now being completed in-house in the general fund and the transfer to the general construction fund was reduced.

New funding scheduled for FY 2026 projects include:

- Annual public works projects
- Cooper Street Improvements
- Henry Street property improvements
- Nature Park
- Public Safety building
- Public Safety building fencing
- Public Works/Utilities Campus fencing and paving
- Linear Trail repavement

## **DEBT MANAGEMENT**

The City is not subject to state debt limits, nor is there a limit set by the City Charter. The City's financial policies address appropriate uses and levels of debt. As of September 30, 2024, the City had \$60.8 million in notes.

The projected FY2025 budget estimated that most of that general government debt of \$46 million would be paid. However, the line of credit and State loan for Hurricane Ian seawall repairs and Hurricane Irma and Ian hazard mitigation with repayment from FEMA and State reimbursements and Punta Gorda Isles and Burnt Store Isles Canal Maintenance District assessments is expected to carryover to FY 2026. The outstanding enterprise debt of \$14.8 million mainly consists of the State Revolving Loan for the construction of the RO plant.

Projected financing originally budgeted in FY 2023 is \$72 million of State Revolving Loan Funds for the wastewater treatment improvement project to be repaid with user charges and wastewater impact fees. This project is expected to take approximately four years and will carryover each year until completed. The City has been awarded a grant for \$19.8 million in loan forgiveness on this project. Other FY 2025 projected financing includes \$34 million for the water plant filtration project and the RO expansion project. These projects are multi year projects and the financing will carryover to future years.

FY 2026 budget projects new financing of \$47.5 million for water treatment plant filter rehabilitation project, RO expansion project and AMI equipment replacement.

## **UNRESOLVED ISSUES**

Most issues are resolved during the budget preparation and adoption process. However, there are usually several matters that must be addressed after the new fiscal year begins, as developments unfold and new information becomes available. This budget is not unusual in that respect.

**Police Officers' Bargaining Unit Contract** – The City is currently in negotiations with the Police Officers' bargaining unit for a new contract that would begin October 1, 2025. The cost to the general fund remains unknown until an agreement can be reached.

**Fire Staffing Standards** – The City has applied for a SAFER Grant to add nine firefighter/EMTs to allow the Fire Department to meet the National Fire Protection Association 1710 standards for staffing requirements on fire apparatus. If awarded, the grant revenue and expenditures would need to be appropriated along with the City’s 25% labor cost share and all equipment and supplies not funded by the grant. The City must also be prepared to fund the 25% of labor costs in year two, 65% in year three, and 100% in subsequent years. If the grant is not awarded, the City may still need to gradually increase staffing in future years to meet the NFPA standard.

**Compensation and Benefit Study** – The study to review the City’s pay, benefits, and classifications and compare to other local government agencies is beginning. Recommendations for adjustments, if needed to maintain competitiveness, are not yet available.

**Recovery from Hurricanes Ian, Helene, and Milton** – The City is still working with FEMA to obligate projects related to Hurricane Ian, Helene, and Milton. The City will be responsible for 5% of the obligated projects for Ian, and 12.5% for Helene and Milton. Some projects do not meet FEMA thresholds and will need to be funded by the City if also below insurance deductible requirements or not covered by insurance. Since the City is still bidding out many of the projects, the total funding required from the City remains unknown.

**Hurricane Season** – With an expected above-normal hurricane season predicted, it is prudent to be prepared to fund immediate needs for recovery as well as deductibles and items not covered by insurance or FEMA.

**Shortfalls in Funds** – As presented earlier, there are a couple of funds that in the five years period are not able to sustain themselves with current revenues. If revenues are not increased and/or costs decreased either due to reduction in market rates, availability, or reduced level of services such as reduction of maintenance projects and/or delay of infrastructure needs, then a subsidy will be required from the general fund in future years.

**Citywide Master Plan** – Future strategic plans and annual budgets will take into account further Master Plan recommendations and priorities as they are accepted by Council.

**Staffing Levels** – The next five year planning needs were submitted by the departments to the City Manager. The City Manager prioritized and recommended certain positions to move forward to develop the projections for the five-year proformas. City Council discussed at various council meetings to determine if they should be included in the proposed budget and five-year plan. Position additions will still be reviewed annually.

**Legislative Mandates** – Each legislative season, proposed changes are presented that may affect the City revenues or expenditures. One significant topic of discussion and debate was elimination of property taxes and which is expected to continue in the next legislative session.

**Water Quality/Septic to Sewer Project** – Charlotte Park is the first priority area. The City was successful in obtaining \$5.5 million from the state legislature for this project. Additional grant funding is still being sought due to the inflationary increases since the estimates were provided. An outreach campaign will be one of the next steps as well as working on the assessment plan for those

properties. We will continue to work jointly with other agencies to support environmental initiatives and improvements in water quality that benefit the environment and our quality of life.

**Utilities Capital Projects** – There have been significant projects added to the plan as well as project estimate increases from the consultants. The City continues to apply for grants to fund these projects. Some grant opportunities have been removed by the federal government.

**Annexation Initiatives** – The City continues to promote the benefits of annexation to expand residential and, in particular, commercial tax base. We remain mindful of the service costs associated with annexed properties and evaluate plans accordingly. There are meaningful opportunities for growth, and the City will continue to pursue annexation efforts strategically.

**Development of Commercial Tax Base** – Strengthening the commercial tax base is a key objective in achieving long-term goals related to workforce development, service level increases, and revenue enhancements. We will continue to support appropriate development proposals moving forward to insure continued achievement of City goals and improvement of the City landscape.

**Uncertainty of Federal Funding Programs and Directives and Economic Conditions** – Potential changes to federal programs may affect the City’s traditional funding streams, contract pricing, and the broader economy. The City continues to monitor the forecasts with conditions being experienced locally. The five year proformas lets the City easily change forecasts to see the effects and work to respond quickly to adjust to changing conditions.