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— Fort Myers City Councilman Warren Wright

## INCREASES

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"Every organism goes through a period of expansion and contraction," Wright said. "Right now, we're in a period of contraction, and I really feel we haven't been realistic."

The good news for homeowners who oppose the increase: Because of declining property values, many will actually pay about the same or even less than last year, in spite of the rate increase. That's why Ward 4 Councilman Randy Henderson said calling the change in rates "A 'tax increase' is not a correct characterization."

He also echoed Humphrey and others in saying the rate increase was necessary to maintain the level of basic services the city now offers, which make up more than half of what's called the General Fund.

Fort Myers' Director of Finance Maria Joyner explained: "At the onset of the 2009 budget process, we realized the city would be facing a shortfall in the General Fund revenue of approximately \$6.3 million, based on the 2008 (property tax) rate. Such a decrease would significantly impact service levels...the (new) rate allows the city to maintain service levels and still offer a tax savings to the citizens."

But Joel Moroney, a former reporter at The News-Press who covered the city budget for three years, pointed out that when the economy recovers, homeowners will still be paying those higher rates.

"They have, out of political convenience, raised the tax rate in a year when they can tell homebuyers they won't pay as much," he said. "When property values start going back up, that additional 15 percent is going to flow in to the city — and they have no track record of returning money to taxpayers on a consistent basis."

"I think it was a politically convenient time to (raise the property tax rate)," Moroney said. "I'm not saying they didn't have to do it, but after all these years of great revenue coming in, if at the first sign of a downturn they raised rates 15 percent, that is a lack of foresight and planning."

Councilman Henderson admitted there were compelling arguments both ways, but maintained that after months of work on the budget and "excellent debate," the property tax rate is a careful balance between high and low.

"I struggle to find where this is an irresponsible budget," he said. "All of us want lower real-estate taxes, especially now. So let's at least give a (property tax) rate that gives some relief (to taxpayers); but let's not cut it to the bone."

Councilman Wright argued that the city is still paying too much for extras that may look good to taxpayers, but are unreasonable expenses in an economic downturn.

He noted that his ward, in East Fort Myers, is struggling with high crime rates and said while the city is ignoring that problem, it is spending tax money to maintain "monument-building ego projects." Those include Harborside Convention Center (which costs about \$1.2 million per year to maintain), The Imaginarium and the City of Palms Park, where the Red Sox hold spring training.

Those projects "put us in debt," Wright said. "And we haven't taken care



Fort Myers City Councilman Warren Wright was the only dissenting vote for the higher property tax rate in the city.

of basic core issues.

"I'd rather take that \$1 million and put it into core services — public safety, parks and recreation..."

The budget that was approved for the 2008/09 fiscal year starting Oct. 1 allows the city to spend \$93.8 million. That's less than last year's \$99.8 million budget, but close to \$3 million more than the budget City Manager William Mitchell, who was out of town last week, had originally presented council.

The property tax rate the city adopted was also more than Mitchell recommended, but less than the "roll back rate" calculated by the Lee County Property Appraisers office. The "roll-back rate" aims to keep about the same amount of taxes flowing into the city as last year, based on changes in property values.

This year, homeowners will pay \$7.16 per every \$1,000 worth of property they own. That's about 89 cents more per \$1,000 than last year. That means that if you live in Fort Myers year 'round, in a house that's valued at (\$250,000, you'll end up paying \$1,432 (after the Homestead Exemption) — or about \$182 more than if the tax rate hadn't changed.

Ward 6 Councilman Tom Leonardo pointed out that an average family might only miss a fast food meal every month because of it.

"We are financially stable because we've taken a careful approach and balanced that with a responsible (property tax) rate," Councilman Henderson said.

Even if the higher rate means only a negligible increase this year, taxpayers might still feel similar to Lee County Property Appraiser Ken Wilkinson, who's a Fort Myers homeowner. "I wouldn't have done it," he said of the rate increase.

Wilkinson respects the months of planning and debate that went into creating the budget, but wouldn't mind having the extra money, maybe to spend on the surging costs of gas and groceries.

"I don't tell them how to budget because I don't want them to tell me how to appraise property," he said. "But as a city resident, I wish they would have lowered (the property tax rate)."

Wilkinson noted, along with Councilman Henderson, that the actual dollar amount of taxes you pay might go down even if the rate is higher. But he also agreed with former reporter Moroney, saying that works both ways for the city. In the boom years, he said, the city was able to raise taxes just by leaving the rate alone, because property values increased.

If the council can tell voters that some of their taxes were lowered this year, he said, it is "a lie" to tell them their taxes were not raised in the years when property values soared and the tax rate remained the same.

Moroney said city leaders are "playing two sides of the same coin..."

"Since 2000, because of the construction boom and annexation, there have been multiple years when the city left the tax rate alone and told voters they weren't getting a tax increase, when increasing property values went up, giving the city more money."

Even so, Fort Myers officials are not alone in saying they needed to increase the rate. Twenty-nine out of Lee County's 92 tax districts increased their rates this year, showing a general trend toward the need for more funds, even as property values sink.

Other Lee cities, like Sanibel, cut the property tax rate.

"The majority of City Council felt that the voters had spoken clearly that they wanted lower taxes," said Sanibel City Manager Judie Zimomra.

Homeowners on Sanibel pay about one-third the property taxes Fort Myers homeowners pay. Moroney pointed out in a recent editorial that a homeowner in Bonita Springs with a \$250,000 house would pay about \$1,000 less in taxes each year than their Fort Myers equivalent.

Bonita Springs City Manager Gary Price said that isn't a fair comparison.

"Fort Myers is a full-service city," he said. "They have their own fire department, police department, public works. They go way back — probably 100 years."

"There are a lot of things that they have, that down through the years people have wanted, that cost money to do."

"Maybe when Bonita is around 100 we might be in the same position," Price said, adding Fort Myers has "a professional baseball team. A skating rink. A housing authority. The list is endless."

"The point is, the people of Fort Myers wanted those services and at the time they were willing to pay for them. And now times have changed, and they say 'c'mon, you spent all that money.'"

"You can't use that argument. What people don't understand is these things (continue to) cost money."

But Moroney also pointed out that Naples — a full-service city — has a property tax rate six times lower than Fort Myers. And some financial experts aren't buying the argument that Fort Myers needed to raise the tax rate to pay for basic services.

"All the municipalities in Florida are seeing falling property values," said Kenneth E. Guard, a certified financial planner in Fort Myers, Naples and Sarasota. "And so, consistently, even though the assessment goes down, they're raising the tax rate. If property values fall 10 percent, the counties and cities can't figure out how to cut the budget 10 percent, so maybe they cut it 5 percent and jack up the tax rate to cover the rest."

"(Fort Myers) should have increased spending by inflation plus population growth when times were good," Guard said. "The property values doubled. The city saw revenue and they spent it. And now they don't know how to reduce their spending."

"The city doesn't need to trim the budget — they need to hack it with a meat cleaver. Quite frankly, half the construction workers are laid off and maybe half our government workers should be, too..."

"The city claims they're always spending on essentials. When property values soared, I couldn't understand why the city couldn't live with very modest increases in the budget. They grabbed all the revenue and they spent it. And now they're painted in to a corner."

The city's debt is now about \$160 million.

Whether this year's tax rate increase was clever politics, pragmatic decision-making based on Fort Myers' real needs, or a little of both, the higher tax rate will generate about \$5 million more tax dollars than last year, even though property values declined by 2.7 percent.

Councilman Henderson said the increased rate may be a temporary solution.

"I look forward to the future when we could possibly lower (the property tax rate) aggressively," he said. ■