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Marco Island Resident

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Members of the City Council
City of Marco Island
50 Bald Eagle Drive
Marco Island, Florida 34145

Re: FY 2026-27 Budget Process -- A Transparency Concern That Warrants Council Attention

Councilors,

I am writing to raise concerns about the process used to develop the FY 2026-27 General Fund budget, and to respectfully ask the Council to require additional transparency from staff before voting on adoption.

In the spirit of being helpful, below you will find a detailed commentary on Monday's workshop and the underpinning mandate to "cut 5%". My comments are intended to point out the deterioration you may be inflicting on our community, and the reasonable actions you can and should take as part of doing a responsible job as stewards of Marco Island.

The concern is not primarily about any individual department's numbers. A budget process that begins with a directive to cut, rather than a directive to justify, produces a document that reflects an administrative constraint -- not a genuine accounting of what the City needs to function at the level of service residents expect.

These same comments apply to the Capital Budgets submitted at the previous workshop, though it was my understanding those were not subject to the same 5% reduction directive. Everything that was not included or deferred should be identified and disclosed.

Finally, the Spending Cap Calculation indicated the projected budget was $1,407,019 less than the spending cap. I suggest that all the budget items that were deleted but necessary be added back to the budgets, and any remaining amounts be added as additional funding to the Capital Reserves or to cover shortfalls in the Police Pension fund obligations and propose a budget at the spending cap.

I. The 5% Cut Directive and Its Consequences

At the outset of the FY 2026-27 budget cycle, City Manager Lucius directed all department heads to reduce their departmental budgets by five percent. That is not an unreasonable starting point for a conversation about fiscal discipline, but it is an inadequate substitute for a full budget justification process. At the budget review meeting held July 20, 2026, department directors reported back on the results. Most reported that they were able to achieve some level of reduction, but a number also disclosed that the cuts came at a cost: positions left unfilled, maintenance deferred, and services reduced or eliminated.

When that happens, the cut-and-report exercise is incomplete. The budget presented to the Council and the public should be accompanied by a clear accounting of what was reduced and what the service or maintenance consequence of each reduction will be. Without that disclosure, the Council cannot make a fully informed adoption decision, and the public cannot hold the City accountable for the level of service they are actually receiving.

A more complete process would begin with the question: what does this City need to operate safely, maintain its infrastructure, and deliver the services residents pay for? It scrutinizes each line item against that standard, eliminates spending that fails to meet it, and then asks what resources are required and at what tax rate. That sequence -- justify first, then determine the rate -- produces a more defensible budget than any percentage target applied from the top down.

II. What the Budget Numbers Actually Show

The City's own FY 2026-27 Budget Summary is instructive. Total General Fund operating expenditures in the proposed FY27 budget are $29,845,462, compared to the FY26 revised budget of $30,179,690 -- a reduction of approximately $334,000, or 1.1 percent. Total transfers out decline from $5,237,958 to $4,473,171. The result: Total General Fund Expenditures proposed at $34,318,633 versus the FY26 revised figure of $35,417,648, a reduction of $1,099,015, or 3.1 percent.

On its face, that looks like fiscal restraint. But several items in the detail deserve the Council's attention:

Department	FY26 Revised	FY27 Proposed	Change
Legislative	$102,348	$99,433	-2.8%
Executive	$1,094,281	$849,844	-22.3%
Finance	$964,880	$980,522	+1.6%
Legal	$400,000	$380,000	-5.0%
Growth Management	$945,283	$912,144	-3.5%
Information Technology	$1,294,668	$1,232,662	-4.8%
Fleet & Facilities Maint.	$2,073,840	$2,006,373	-3.3%
Police	$7,247,897	$7,211,969	-0.5%
Fire	$9,292,281	$9,603,138	+3.3%
Code Compliance	$750,855	$739,735	-1.5%
Public Works	$3,759,307	$3,576,631	-4.9%
Parks & Recreation	$1,327,552	$1,284,847	-3.2%
Transfers Out - Debt Service	$1,625,382	$1,737,031	+6.9%
Transfers Out - Capital	$3,182,576	$2,228,140	-30.0%

Three items warrant specific comment:

- **The Executive department budget declines 22.3 percent, from $1,094,281 to $849,844.** A reduction of $244,437 in a single department is substantial. It is my understanding that a significant portion of this reduction reflects the elimination of the Assistant City Manager position, which was held within that budget. If so, that is a structural staffing decision with governance implications that the Council should acknowledge explicitly, not simply absorb into a budget line.

- **Capital transfers decline 30.0 percent, from $3,182,576 to $2,228,140.** That $954,436 reduction does not eliminate the capital need. It defers it. Deferred capital accumulates cost in the form of accelerated deterioration and higher future repair bills. The Council should know what specifically is being deferred and what the future cost consequence is estimated to be.

- **Debt service transfers increase 6.9 percent.** The City's fixed obligations continue to grow while discretionary operating and capital budgets are compressed. That trajectory deserves attention in any multi-year fiscal planning conversation.

III. The Missing Disclosure: What Was Cut and What Does It Cost?

Here is the core transparency issue. When departments are directed to cut 5%, and those cuts result in reduced services or deferred maintenance, the public record should include a written accounting of what was cut and what the consequence is. That disclosure is not optional -- it is the necessary counterpart to any budget reduction that affects service delivery.

A Council that votes to adopt a budget is voting to authorize a level of service and a level of infrastructure maintenance. If that level has been reduced from the prior year, or if maintenance has been deferred, the Council is entitled -- and obligated -- to know that before the vote. The public is entitled to know it as well.

At the July 20 meeting, department directors acknowledged, in various ways, that they had cut things they would prefer not to have cut. That is a disclosure of a problem, not a resolution of it. The Council should require, before budget adoption, a written inventory from each department of every reduction made in response to the 5% directive, including:

- The line item or service reduced or eliminated.
- The dollar amount of the reduction.
- The specific service or maintenance consequence.
- Whether the reduction is one-time or structural.
- If maintenance is deferred, the estimated future cost of the deferral.

Without that inventory, the Council cannot responsibly adopt this budget.

IV. What Every Homeowner Already Understands

The abstract language of municipal finance often obscures what is actually a straightforward concept. Consider how a typical Marco Island homeowner manages their annual household budget. The parallel is instructive.

A note on the analogy: according to published housing data, approximately 63 percent of Marco Island homeowners own their homes free and clear, with no mortgage. The household budget below reflects that reality, with fixed carrying costs rather than a mortgage payment, and includes the full range of expenses that most Marco Island households actually carry.

SIDEBAR: The Marco Island Homeowner Budget Analogy

Consider a hypothetical typical Marco Island homeowner with an annual budget of approximately $120,000. The homeowner is told: "Cut your spending by 5%, or $6,000, this year." The homeowner reviews every line item and quickly finds that most of the budget is either fixed or genuinely dangerous to reduce.

Budget Category	Annual Cost	Can It Be Cut 5%?
FIXED OBLIGATIONS -- Non-Negotiable		
Property taxes and City/County assessments	$12,000	*No. Fixed obligation. Cannot be reduced.*
Homeowners and flood insurance	$9,600	*No. Required. Barrier island carries no discretion here.*
HOA fees (if applicable)	$6,000	*No. Contractual obligation. Non-negotiable.*
Auto insurance and registration	$3,600	*No. Required by law.*
ESSENTIAL COSTS -- Dangerous to Cut		
Groceries and household basics	$14,400	*Somewhat. Minor adjustments save $400-600. Not $720.*
Utilities (electric, water, internet, phone)	$9,600	*Marginally. Behavior changes save $200-400. Not $480.*
Medical, dental, prescriptions	$8,400	*No. Skipping care saves money now; costs far more later.*
Home maintenance (HVAC, roof, plumbing, pool)	$7,200	*Dangerous. A deferred HVAC service becomes a $12,000 replacement in two years.*
Landscaping and lawn care	$3,600	*Marginally. Minor deferrals possible. Extended neglect causes property damage.*
Automobile expenses and fuel	$3,600	*Marginally. Limited substitution possible on an island. Largely non-discretionary.*
LIFESTYLE COSTS -- Reducible, With Consequence		
Dining and entertainment	$8,400	*Yes. Fully discretionary. Cuttable without structural harm.*
Cable / streaming / subscriptions	$2,400	*Yes. Cuttable. Lower quality of life; not a safety issue.*
Boat ownership and maintenance	$6,000	*Yes, but a lifestyle reduction, not a budget-neutral cut.*

Golf club / fitness / recreation memberships	$3,600	*Yes. Fully discretionary.*
Vacations and travel	$8,400	*Yes. Cuttable, but a real reduction in quality of life.*
Clothing and gifts	$4,800	*Partially. Some reduction possible; eliminating entirely is unrealistic.*
SAVINGS AND RESERVES		
Annual savings / emergency reserve	$8,400	*Possible short-term, with a documented plan to restore. Chronic underfunding is a future crisis.*
Total Household Budget	**~$120,000**	

The homeowner's conclusion:

Of roughly $120,000 in annual spending, nearly $80,000 -- two-thirds -- is either fixed or potentially harmful to cut. True discretionary spending is a fraction of the total. A blanket 5% cut directive applied uniformly produces one of three outcomes: the homeowner cuts discretionary spending (limited room); cuts maintenance (dangerous and expensive); or cuts fixed obligations (impossible). The instruction "justify every line item from the ground up" produces a far more honest and defensible budget than the instruction "cut everything by 5%."

Marco Island's budget works the same way. Debt service and pension obligations are the City's property taxes and insurance: non-negotiable fixed costs. Police and fire staffing below safe minimums is the City's prescription medication: cutting it saves money now and costs far more later. Fleet and facilities deferred maintenance is the City's pool and HVAC service: neglect that compounds. A 5% directive applied across all of those categories does not produce a leaner government. It produces a government that has quietly reduced services and deferred maintenance -- without telling residents what was cut or what it will cost.

V. What the Council Should Require Before Adoption

I respectfully urge the Council to take the following steps before voting to adopt the FY 2026-27 budget:

- Direct the City Manager to provide a written inventory of every budget reduction made in response to the 5% directive, with a plain-language description of the service or maintenance consequence of each reduction. This inventory should be publicly available on the City website before the adoption hearing.

- Direct staff to identify every capital or maintenance expenditure deferred from the FY27 budget, and to include in the budget document an estimate of the future cost consequence of each deferral.

- Require a clear explanation of the 22.3 percent reduction in the Executive department budget, including whether the elimination of the Assistant City Manager position is permanent, and whether the Council endorses that structural change.

- Establish, for future budget cycles, a process that begins with departmental justification from the ground up, not a top-down percentage cut. The Council sets the fiscal tone; directing staff to build the budget from a justified base rather than from an arbitrary reduction target is within the Council's authority and consistent with its oversight responsibility.

- Schedule a public budget workshop before final adoption, at which residents can ask detailed questions about what was cut, what was deferred, and what the multi-year fiscal consequences are.

VI. Conclusion

The residents of Marco Island bear the overwhelming share of this City's tax burden. They are entitled to a budget process that is honest about what their money funds, and honest about what is being reduced or deferred. A cut directive that produces departmental reductions without public disclosure of the service consequences does not fully meet that standard.

The Council has both the authority and the responsibility to require more. I respectfully urge you to do so.

Respectfully submitted,

Rick Woodworth

Marco Island Resident

Rick Woodworth, Marco Island Resident, with AI assistance by Claude from Anthropic.