

**City Commission Budget Workshop #3**

**July 8, 2025**

**4:30 p.m.**

**ELECTED OFFICIALS PRESENT:**

Adrian Petrila, Mayor (attending remotely)  
Karen Marriott, Vice Mayor, Commissioner, District 1  
Lisa Robinson, Commissioner, District 2  
Jon Maldonado, Commissioner, District 4

Betty Rzewnicki, Commissioner, District 3 was absent.

**STAFF PRESENT:**

Frances Robustelli, City Manager	Devon Schmidt, Finance Director
Ralf Brookes, City Attorney	Camden Mills, Public Services Director
Renee Rose, City Clerk	Candyce Galloway, Chief Technology & Innovation Officer
Marc Portugal, Communications Manager	Mandy Edmunds, Interim Recreation Director
Jim Kilpatrick, Fire Chief	Cathleen Bowley, Interim Library Director
Laura Canary, Community Development Director	Adam Poirrier, Asst. City Manager

Vice Mayor Marriott called the meeting to order at 4:32 p.m.

**1. BUDGET WORKSHOP #3: PRELIMINARY BUDGET BOOK REVIEW**

Devon Schmidt, Finance Director, said this meeting will focus on the 2026 proposed budget, with an emphasis on operating, personnel and revenues rather than capital projects, which were covered in previous workshops. This presentation addressed feedback from the Finance & Budget Review Committee (FBRC) and recent Commission requests. The budget process began in April, with department reviews and multiple revisions based on input. Each department worked closely with the city manager and finance team to review every budget item. After today's Workshop #3, staff will incorporate any new feedback and present updates at Workshop #4. Key concerns included improving financial oversight and budget accuracy. Departments were told not to overestimate needs, with a new 96% budget accuracy target. Revenue topics included whether to charge residents for parking and whether to pass credit card fees to users, both are under review as part of an ongoing fee study. Recreation revenue projections were adjusted slightly due to current facility conditions, and efforts are underway to restore gym services. A breakdown of the city's ad valorem tax base (residential vs. commercial, homestead vs. non-homestead) will be shared at the next workshop. Additional items discussed included potential internship programs, electricity procurement limits due to Duke Energy's monopoly, and investigating new revenue from fines, unregistered vehicles, and beach weddings. A proposal to increase Commissioner pay will be reviewed with comparative data. Suggestions were also made to increase parking fees, enhance code enforcement, and possibly revive beautification grants.

Ms. Schmidt continued with a high-level financial overview of the City's 2026 proposed budget. The general fund is the city's largest revenue source, followed by the wastewater, capital, and parking funds. Wastewater and capital funds appear larger due to transfers from the general fund. Expenditures closely mirror revenue distribution, with the general fund making up 40%, capital projects 25%, and wastewater around 18%. The budget separates funds into two main categories: governmental funds (which include general, building, resiliency, multimodal, capital, and fleet) and enterprise funds (wastewater, reclaimed water, stormwater, and the newly created parking fund). The operating and capital analysis shows where revenues originate, where funds are allocated, and highlights the role of general fund transfers in supporting enterprise funds.

Ms. Schmidt provided a detailed look into the city's governmental funds, starting with the general fund. A key best practice discussed was maintaining a two to three-month reserve for emergencies. For Helene and Milton, it was around \$9 million. A formal policy for fund balance reserves will be developed for future commission approval. Revenues in the general fund are primarily driven by taxes (about 50%), with additional contributions

from intergovernmental transfers, permits, fees, recreation services, and a significant transfer from the new parking fund. A placeholder labeled "miscellaneous revenue" currently includes the \$3.2 million parking fund transfer, which helps cover streets, beaches, parks, and public safety contracts. Ad valorem tax revenue is projected at \$15.1 million after applying the common 4% early payment discount, as roughly 70% of taxpayers pay in November. The budget also accounts for approximately 91 vacant properties that may not contribute to this revenue. Other significant revenue sources include FEMA reimbursements for hurricane-related costs, anticipated insurance proceeds (\$2.6 million), and county EMS reimbursements, which cover about half of the city's EMS and fire services. Administrative fees are also transferred from enterprise funds to cover shared internal services like HR, finance, and legal. Expenditure assumptions include a 2.6% cost-of-living adjustment based on the May CPI, with benefit costs remaining flat due to low recent claims. The city plans to switch to a per-employee-per-month budgeting model for benefits to improve accuracy. Workers' compensation and property casualty insurance are projected to rise by 27%, a worst-case estimate under review. Best practices are also guiding operational changes. Fleet, facilities, and IT budgets will now be managed by their respective departments, shifting to a model that emphasizes preventive maintenance, lifecycle planning, and centralized expertise. In the general fund expenditure breakdown, the largest portion goes to fire and EMS, followed by transfers to enterprise funds, public services, and the law enforcement contract. Personnel services, including wages and benefits, represent the largest expenditure category, followed by operating expenses and transfers out.

Ms. Schmidt continued with a department-level breakdown of the proposed 2026 budget, highlighting significant changes or variances. Most departments, including the City Commission, Clerk, City Manager, City Attorney, and Planning, had minimal changes. The City Manager's office included funding for two flexible internship positions to support various departments. A minor reclassification was requested in the Clerk's office, changing an administrative assistant to an executive assistant. Community Development had few changes, though one code enforcement clerk position will be moved to the Building Fund. Departments now also show associated revenues to help evaluate cost recovery. Innovation and IT show a budget increase due to centralized management of citywide technology services and a request for an additional business systems analyst. Human Resources and Finance remained mostly flat, except for converting a part-time finance technician to full-time due to workload. The Fire Department's budget remained steady, with a significant portion reimbursed by Pinellas County. The rising cost of workers' comp, especially in high-risk departments like fire and EMS, was noted due to a projected 27% increase. Public Services was reorganized earlier in 2025, creating efficiencies across streets, parks, and beach maintenance. As a result, the department's overall costs decreased. Facilities Management saw an increase in repair and maintenance costs, reflecting a shift to subject-matter experts managing these functions. Beach maintenance may benefit from county bed tax support, and a dedicated code enforcement officer for the beach is now included in the budget. The Library Department remained mostly unchanged and continues to generate some revenue through a county co-op and donations. Recreation and Aquatics are under review as part of a citywide fee study. Personnel costs in this area decreased slightly due to internal restructuring, but cost recovery opportunities were noted, particularly for programs like summer camp and aquatics. Non-departmental expenditures include general fund revenues not tied to a specific department and significant transfers to enterprise funds and capital improvement projects (CIP). These also cover debt service obligations, particularly for the police pension. The Building Fund's revenue projections were adjusted based on historical data and post-storm permit activity. Two new positions were requested: a permit coordinator and an inspector intern. The city may revisit these projections mid-year based on actual activity.

Ms. Schmidt moved on to specialized funds. The Resiliency Fund is intended to receive 50% of any increase in ad valorem tax revenue to support resilience projects. Since no increase is projected for 2026, no revenue will be transferred to this fund. The Multimodal Fund reflects anticipated transportation impact fees related to development projects like Tradewinds and Sirata, totaling around \$1.6 million. This estimate is tentative and depends on the adoption of a county MOU, which the city has not yet approved. The numbers are expected to

change and may be phased over time. The Capital Fund includes revenue projections from county sales tax (Penny for Pinellas), FEMA reimbursements, grants, and a general fund transfer that includes expected insurance recoveries. A more detailed breakdown of capital projects is included later in the budget book. The fund overview also categorizes capital spending by project type. The Fleet Fund has been restructured to align with a vehicle replacement and maintenance schedule. Contributions come from the general fund and other enterprise funds. The new approach ensures more accurate budgeting for future replacements and maintenance, shifting away from previous practices. The Wastewater Fund relies heavily on a \$5.2 million transfer from the general fund to stay balanced. While service charges have slightly increased, the ending fund balance is tight, and staff will continue monitoring revenues and expenses closely. The Reclaimed Water Fund shows a slight revenue decline and remains financially unsustainable without a \$400,000 general fund transfer. The upcoming fee study may lead to midyear adjustments. The Stormwater Fund also receives a general fund transfer and includes funding projections for the Don Cesar redundancy project. A grant is being pursued to offset some of these costs. The newly created Parking Fund has no prior year data but has been steadily recovering since March. The most significant expenditure is a \$3.2 million transfer back to the general fund, with additional expenses for staffing. Revenues are being tracked monthly to assess full recovery post-2024.

Ms. Schmidt continued, stating that the city's proposed FY 2026 budget includes 160.68 funded positions, with department-level comparisons provided against the 2025 budget. In the Capital Improvement Program (CIP), several key updates were made based on feedback from the Finance Budget Review Committee and Commission:

- Fire Station 22 remains a top priority for 2026.
- Gulf Winds Drive was deferred to 2027.
- Boca Ciega Drive was reduced in scope (removing sidewalks) and re-costed from \$5.4M to reflect a revised bid. The city will seek an extension on a \$1.5M FDOT grant.
- Merry Pier Bait Shack demolition was paused.
- Generator project is being reassessed for a more cost-effective solution.
- Fee study is underway, including reviews of building rental revenue.
- Dune walkovers were reprioritized from #2 to #1.
- Hurricane seawall project description was updated to reflect potential grant sources.
- Phase 3 undergrounding was downgraded in priority and delayed to 2027.
- Lateral service pipe replacement and Don Cesar stormwater project were elevated to priority #1, with phased approaches planned.
- Security system upgrades and elevator rehab are being phased due to supply chain delays.
- Pass-a-Grille Way seawall is moving forward with design/permitting in FY 2026 and construction in 2027.
- Shoreline protection now includes both deferred and planned improvements, guided by asset management planning.
- The Don Cesar and Boca Ciega resiliency projects are budgeted at \$800K for design, with \$600K in expected grant funding.

All updates are reflected in the CIP summary and multi-year plans, incorporating both financial and scheduling changes.



The next step is a detailed analysis of ad valorem taxes, focusing on homestead vs. non-homestead and residential vs. commercial properties. Updates from the commission and Finance Budget Review Committee will be incorporated. At the August meeting, the tentative budget will reflect reappropriations for unfinished 2025 projects to ensure an accurate 2026 budget.

Commission discussion focused on budget priorities and clarification of specific items within the proposed financial plan. It was asked whether the resiliency fund, which was originally created for resiliency projects and has only funded one to date, could be redirected toward capital improvement needs. Ms. Schmidt confirmed it

could be considered but emphasized the importance of adhering to the fund's original purpose as outlined in the comprehensive plan. There were concerns about the pace of stormwater system cleanouts, with only about 25% of the city addressed nine months after a major storm. At the current rate, it would take more than two years to complete the work, potentially leaving the city vulnerable through multiple storm seasons. It was requested that staff explore options to accelerate the process, such as hiring outside vendors or investing in new equipment. Ms. Schmidt was asked to provide greater transparency around items labeled as legal requirements in the budget, with a suggestion to show the legal basis or statute for those designations to address resident concerns and ensure funds are used effectively. There was discussion about a line item in the recreation fund labeled "instructor fees." Ms. Schmidt clarified that this revenue comes from resident payments for instructor-led programs, like fitness classes, and is currently being reviewed as part of the city's fee study. There was a question about a \$210,000 administrative fee in the building fund. Ms. Schmidt explained that this covers shared services like HR, IT, finance, and legal support that the building department relies on. It includes a planned 3% increase and will be further refined in the 2026 budget to more accurately reflect departmental support costs.

### 5. Adjournment

The meeting was adjourned at 5:24pm.

MINUTES APPROVED: JULY 22, 2025	
	
RENEE ROSE CITY CLERK	ADRIAN PETRILA MAYOR