

City Commission Budget Workshop #4

July 22, 2025

4:30 p.m.

ELECTED OFFICIALS PRESENT:

Adrian Petrilu, Mayor

Karen Marriott, Vice Mayor, Commissioner, District 1

Lisa Robinson, Commissioner, District 2

Betty Rzewnicki, Commissioner, District 3

Jon Maldonado, Commissioner, District 4

STAFF PRESENT:

Frances Robustelli, City Manager

Ralf Brookes, City Attorney

Renee Rose, City Clerk

Marc Portugal, Communications Manager

Jim Kilpatrick, Fire Chief

Laura Canary, Community Development Director

Devon Schmidt, Finance Director

Camden Mills, Public Services Director

Jill Sassone, Human Resources Director

Mandy Edmunds, Interim Recreation Director

Adam Poirrier, Asst. City Manager

Cathleen Bowley, Interim Library Director

Mayor Petrilu called the meeting to order at 4:31 p.m.

1. BUDGET WORKSHOP #4: AD VALOREM TAX ANALYSIS & PRELIMINARY BUDGET BOOK – SUMMARY OF CHANGES

Devon Schmidt, Finance Director, said this meeting will focus on ad valorem taxes. She explained the role of ad valorem (property) taxes in funding St. Pete Beach's budget. Moving forward, this topic will be included in every budget cycle. The current budget is balanced based on the existing millage rate. Only 20% of property taxes stay within the city, while 80% goes to outside agencies like schools, the county, EMS, and special districts. The city's taxable property is made up of 30% homesteaded and 70% non-homesteaded properties. Most homesteaded properties are single-family homes, while non-homesteaded properties include condos, rentals, hotels, and other mixed-use or commercial spaces. Residential properties generate 72% of tax revenue, with the remainder coming from commercial and mixed-use. St. Pete Beach's millage rate is lower than many neighboring cities in Pinellas County. This year's rollback rate is higher than the current rate, due to reduced property values after hurricane damage. The financial impact of millage changes was also discussed. For a typical homesteaded homeowner, increasing the rate to the maximum allowed could mean up to \$287 more per year. Non-homesteaded properties would see a larger increase. Depending on which rate is adopted, the city could gain between \$140,000 and \$2.5 million in additional revenue.

The Commission discussed the proposed millage rate options and their implications for the upcoming budget. Mayor Petrilu noted that the presentation only showed the effects of raising the rate but not if the rate were lowered, which is also a legal option. City Manager Robustelli explained that while lowering the rate is possible, doing so would reset the ceiling for future increases and would require recalculating the budget, which is currently balanced based on maintaining the current millage. The Commission reviewed long-term projections showing how increased millage could fund capital and resiliency projects, noting that even the maximum increase would not cover the city's full infrastructure needs, which are in the hundreds of millions. Discussion also covered funding alternatives, such as neighborhood-specific assessments, bond options, rate studies for utilities, and increasing user fees like parking to raise revenue without burdening residents. Commissioners focused on fiscal responsibility and transparency, noting the importance of tightly managing the budget and spending before asking residents for more. They expressed concern for residents still recovering financially from hurricanes and voiced support for either maintaining the current millage or lowering it to the rollback rate, not increasing it. They also highlighted the need to explore cost-saving measures internally, complete the fee studies, and investigate revenue sources like grants and impact fees. There was unanimous consensus among commissioners to proceed with the current millage rate, with the understanding that it gives the city flexibility to maintain a balanced budget while exploring other revenue strategies. The budget will be finalized based on that direction unless changes are proposed before the July 29 deadline.

Ms. Schmidt continued with a summary of budget changes since the last workshop. The EMS contribution from Pinellas County increased from \$2.9 million to \$3.7 million, and an additional \$700,000 was added for replacing rescue vehicles 22 and 23. Previously, the \$3.2 million parking transfer was included in miscellaneous revenue, but it has now been separated into its own line item. The budget also reflects an updated 4% property tax discount taken by residents and businesses. Multimodal revenue projections were revised based on a 5- to 10-year scenario, though that remains under discussion with the county. The description for the security and safety project was clarified. An additional \$3 million in revenue was added to fund Fire Station 22, matched by a corresponding expense. The Pinellas County Sheriff's Office contract was revised to clarify officer responsibilities, reduce the number of deputies from three to two, and lower the off-duty maximum from \$250,000 to \$100,000. There was discussion that the off-duty fund related to the Sheriff's contract being discretionary, meaning the funds are only used if needed. There was a clarification that the proposed reduction is from \$250,000 to \$150,000, not \$100,000 as previously misstated. This adjustment is based on actual utilization over the past two years, which has ranged between \$90,000 and \$150,000. Reducing the amount allows for better alignment with actual spending and frees up funds for other uses, though the allocated amount still occupies a place in the budget. The city does not receive any revenue from citations issued by the Sheriff's Office, including those on the beach. All those funds go directly to Pinellas County. The only area where the city collects fine revenue is through its own parking enforcement. So far this year, only one citation has been issued on the beach.

Ms. Schmidt moved on to summarize changes to the city's personnel structure and budget planning. First, a phase two leadership reorganization is taking place, reclassifying several director roles without any budget increase, such as renaming the Library Director to City Librarian and the IT Director to IT Innovation and Strategy Director. In response to the previous storm season and Senate Bill 180, a current administrative position will be upgraded to an Emergency Preparedness Specialist to centralize and strengthen emergency coordination. The city is also piloting a new benefits model using a flat "per employee per month" cost for health insurance. This simplifies budgeting by removing variability based on individual coverage selections and serves as a recruitment and retention tool. Employee health plan costs remained flat this year, creating an ideal opportunity to test this new structure. Cost-of-living adjustments remain at 2.6%, pending further CPI data. The FBRC has recommended and earmarked increased compensation for elected officials. She continued, sharing a breakdown of revenues by fund showing grants (including FEMA), wastewater service charges, and parking revenues among the top non-general fund sources. The general fund remains the largest expenditure area, followed by capital projects and wastewater operations. Projections show a total governmental fund balance of around \$14 million, but some proprietary reserves are considered low. The city plans to develop new reserve policies with input from financial advisors to ensure readiness for emergencies, especially given recent storm costs exceeding current reserve targets. The general fund balance is projected to be \$8.7 million by the end of 2026, with taxes contributing nearly half of total general fund revenues. Personnel and operating costs are the primary expenditures, along with significant transfers to capital and enterprise funds. Public safety is the largest departmental cost within the general fund. A minor adjustment was made to reallocate a building clerk role from community development to the building fund, and the leadership classification changes were reiterated. There was a discussion about IT, noting the department's 2024 actual personnel costs were \$183,000, while the 2025 budget shows a significant increase to \$460,000. The current actual for 2025 so far is \$132,000. This increase is due to staffing and structural changes; IT was previously part of the finance department, so past numbers were lower or reflected elsewhere. The 2025 budget includes a fuller, more independent staffing plan for IT, but Ms. Schmidt can provide a deeper review. She continued, stating that law enforcement and fire/EMS budgets were updated to reflect expected service revenues from the county. Public Services will now include the new Emergency Preparedness Coordinator role. Recreation was reclassified under a new Resident Services Director. Non-departmental revenues, those not tied to specific divisions, remain centralized in the General Fund. The Multimodal Fund includes placeholder projections for 2026 impact fees, pending further county discussions.

A question was raised about the difference between "miscellaneous revenue" and "other revenue," since both categories contain large amounts. Ms. Schmidt clarified that "miscellaneous revenue" includes specific types of income, like investment income, that are grouped under standardized object codes starting with certain digits (e.g., 36 for miscellaneous). These codes follow the unified accounting standards used by the State of Florida, which align with audit and reporting requirements under the Governmental Accounting Standards Board (GASB). This system, adopted this year by the city, ensures consistency and transparency for auditors, even if it feels less intuitive for general users. The categorized breakdowns can be traced using the full object code in detailed budget slides.

Ms. Schmidt updated the Capital Fund to reflect an additional \$3 million in revenue and expenditures for the Fire Station 22 project. That increase is now shown under both revenue sources and building-related expenses. The total number of funded city positions for FY2025 is 159.6, an increase partly due to limited-duration positions in the Building Department, which expanded significantly. Despite this growth, the city faces a \$1.5 million shortfall caused by decreased property values from the storms. It was noted the city is doing more with less, an improvement over prior years. Updates to the CIP include revised descriptions for the citywide safety and camera system and Fire Station 22 construction. A preview of the next budget meeting was given, where reappropriated capital projects and updated insurance renewal rates, currently budgeted at a worst-case 27% increase, will be discussed. There was a discussion on the FBRC's recommendation to increase commissioner salaries. Multiple commissioners opposed the raise, citing timing and budget limitations, and noting that their service isn't financially motivated. Although the budget contains a placeholder for an increase, any change would require a public referendum, likely during the 2026 or 2027 election, and cannot take effect until after the next election cycle.

Mayor Petrila noted a procedural flaw in how the millage rate is set. A preliminary decision was made without public comment or a formal vote, yet that decision effectively locks in the millage rate for the final budget vote in September, at which point it's too late to raise it (only reductions are allowed). To improve transparency and public input, a suggestion was made to add an extra step next year: hold a separate meeting for public comment and a formal Commission vote on the millage rate before the draft budget is finalized. Staff will review the process and implement this change for next year.

5. Adjournment

The meeting was adjourned at 5:43pm.

MINUTES APPROVED: AUGUST 19, 2025



RENEE ROSE
CITY CLERK



ADRIAN PETRILA
MAYOR