

FINANCE & BUDGET REVIEW BUDGET COMMITTEE
WORKSHOP #3 MINUTES
July 2, 2025 – 2:30 P.M.

PRESENT: John Samorajczyk, Chair
Col. Mike Greiger, Vice Chair
Kathy English, Member
Tim Polanowski, Member
Stacy Allen, Member

STAFF PRESENT: Devon Schmidt, Finance Director; Adam Poirrier, Assistant City Manager; Ginny Bodkin, Deputy City Clerk; Jim Kilpatrick, Fire Chief

Chair Samorajczyk called the meeting to order at 2:30 PM.

Member Polanowski asked to add a discussion regarding budget management. He expressed concerns with government typically spending up to the allotted budget, with staff reasoning that they must do that to receive the same budget the following year. Spending up to the budget solely for that reason is taking funds away from the residents. He inquired how the city can spend smartly and efficiently to avoid that and suggested that department heads think about that.

Finance Director Devon Schmidt explained that throughout the budget process the committee will see that the city is tracking a 96% spend metric. When submitting their budgets, department heads were instructed not to ask for funds they did not need or realistically know would be spent. As mentioned in Workshop #1, the city took a hard look at revenues vs. expenditures, unspent funds, and how to shore those up. Ms. Schmidt, her team, and the City Manager met with department directors and went through each line-item expenditure – and where they could reduce or shift. For example, IT expenses have shifted from the departments to the IT director so that she can control and manage those. The same is happening with fleet services. Ms. Schmidt also explained that staff is looking at how to meet audit deadlines faster – for example earlier cut offs for invoicing and p-cards. If a budgeted item is spent to 86% in September, that will guide better budgeting for the following year. Member Polanowski stressed that if a reasonable argument is made about why additional funds are needed the following year, that should not be a problem.

1. Items for Discussion –

a. Budget Workshop #3: Preliminary Budget Book Review

Finance Director Devon Schmidt opened her presentation with acknowledgements and a review of the 2025-26 budget process to date. Her presentation is part of the meeting record. She explained that she will go through the slides today and then provide any committee recommendations to the City Commission.

The presentation began with an overview of the process for the 2026 preliminary proposed budget from April until today. Ms. Schmidt provided an organizational chart, so it is clear how divisions roll into departments for budgeting purposes.

A high-level summary of revenues and expenditures by fund were the first sections of the proposed budget that were reviewed. The general fund is primarily the largest revenue and expense generator. The wastewater fund is the second generator (because it is being subsidized with a transfer) and the capital fund is the second in expenditures.

Ms. Schmidt noted that fee studies are currently in process on operational and parking fees as well as enterprise funds and those will be brought to the committee for consideration when completed, likely in time for a mid-year budget adjustment.

Ms. Schmidt continued to review the budget summary by governmental fund (audited financials will be completed by the end of July).

General Fund: Financial advisors recommend 2-3 months of operating expenses (\$64.4M) in the fund balance, however with disaster planning in mind the city is currently holding \$8.5M. A graphic of the newly available preliminary tax roll from the County property appraiser was included in the presentation, which provides the taxable value for each city. That taxable value is multiplied by the millage rate to calculate the expected ad valorem tax revenue (less the 4% discount for early payment discount that most residents and businesses take) for an expected total of \$15,157.25.

The top generating general fund revenue assumptions and changes were reviewed. Taxes and fees are calculated on the prior year's actuals. Current indemnification estimates are used for calculating insurance proceeds. FEMA Category A&B grant reimbursements are for debris and debris monitoring - \$3.8M has been received and another \$4M expected in the next 12-18 months. The newly created parking fund will include streets, beaches, parks, and the beach portion of public safety.

In the review of the general fund revenue by account, Ms. Schimdt called out the newly revised ad valorem figure, expected FEMA grant reimbursements, insurance proceeds and county EMS reimbursements. Miscellaneous revenue is a transfer back from the parking fund. General fund expenditure assumptions were a 2.6% COLA for positions, no increase in employee benefit costs (hoping to shift to per employee per month), a 27% increase (worst case scenario) for worker's comp and property casualty, and that fleet, facilities repair and maintenance and IT related items will be controlled by those departments with a replacement plan cycle.

Ms. Schmidt proceeded to quickly walk through each department's divisional budget; notables included: The *City Clerk's Office* has requested the reclassification of one position from administrative assistant to executive assistant to the City Clerk; the *City Manager's office* added to their professional contractual budget to bring in interns to assist with projects as needed; *Code Compliance* increased their budget for employee insurance (which relates back to the per person per month previously mentioned); *Planning Department* added a Planning Manager; *IT* added one position (would like to create a separate IT fund next year); *Finance Department* requested a reclassification to a full time position; Fire and EMS budget reflected the county reimbursement but higher costs for worker's comp; *Public Services* reorganized and added beaches, streets and parks back into their budget; *Beach Maintenance* – staff is looking into any available funding for maintenance from county partnerships; *Library* receives some funding through their County co-op, library fees and donations; *Recreation and Aquatics* fees are part of the fee study, the relocation of gym equipment (from FEMA and insurance) is being considered for upstairs facilities during renovation, and IT enhancements for facility reservations are planned. Rent for events at the community center were reduced by half in the budget; *Aquatics* – a minor decrease in pool revenue and instructor fees was included.

Non-departmental revenues do not have a direct tie to a specific program. There is some debt service related to the police pension in this category. Transfers to stormwater, wastewater, CIP, and reclaimed water are reflected in non-departmental for capital and operating. Credit card fees are being considered, and committee members were in favor.

Building Fund: The biggest change is the expenditures for the limited duration permit technician personnel; the waiver of permit fees is reflected here as well. FT positions were added here for a Permitting Coordinator and Inspector Intern.

Resiliency Fund: The fund was created in 2023 with the intent of taking 50% of funds received above ad valorem. With no increase is expected, this will be reinvestigated as to whether it should be diverted to capital improvement or wastewater – will be brought back to committee.

Multimodal Fund: A significant increase was noted; a proposal was brought to the City Commission to receive a percentage through an MOU with the county from Tradewinds and Sirata if they proceed.

Capital Fund: Not a large balance. Intergovernmental revenue is anything we would expect from FEMA \$2.3M was diverted to this fund from insurance recovery money for capital projects. Capital projects have been reduced.

Fleet Fund: Personnel were added here to reflect the true costs of maintaining vehicles.

Wastewater Fund: Projecting a slight increase in charges for service and a \$2M state grant.

Reclaimed Water: Reflected just a slight increase in charges for services; \$400k is coming in from the general fund to cover. Fund balance policies will be brought back to the committee.

Stormwater Fund: A small decrease projected in charges for services – about \$400k transferred in. You cannot budget in the negative as a best GFOA standard. There was an expense reduction.

Parking Fund (new): Parking has rebounded since March. Ghost plate fees were mentioned. Member Polanowski inquired about outstanding A/R items, and where they should be put. Ms. Schmidt will report back on both. The largest parking revenues are from facilities, county park, and parking tickets. The largest expense is the \$3.2M transfer back to the general fund. There was a request to add an Administrative Assistant.

The total budget includes 160 employees.

Capital Improvement: Ms. Schmidt summarized some of the requests from this committee that staff and management have worked on – aggressive progress on Fire Station 23 in place for 2026; Gulf Winds Drive project was pushed out to 2027-28; Boca Ciega Drive costs were adjusted based on reduced scope; Merry Pier bait shack/shuffleboard not just being demolished (in planning); Generator project (in progress); fee study is underway.

Ms. Schmidt showed a graphic of compensation and benefits for other Pinellas County City Commissioners at the request of the committee. There was a consensus that there should be an

increase as there has not been one in 25 years. Funding sources were discussed without putting the onus on the residents, possibly code enforcement or parking rates. It is important for the residents to know where the money will come from. A decision was made to start getting the message out now (through the PIO) that an increase in remuneration for the mayor and commission is long overdue. Member Polanowski suggested including the graphic as part of the message. Staff will update the graphic to include the population and size of the other cities for more information and bring back to the committee. Vice Chair Greiger suggested doubling the salaries as a recommendation. Member Polanowski felt that this is not a suitable time for an increase, post-hurricanes.

Ms. Schmidt reviewed a slide of the recommendation from the City Commission from their June 10th meeting and workshops: Dunes reprioritized to priority 2; revenue sources updated at a fund summary level; fee Study on revenue generation for building rentals; update description for hurricane damage seawalls repair project; phase 3 undergrounding is lower priority than Boca Ciega and Gulf Winds; lateral service pipe replacements moved to a #1 priority; Don Cesar stormwater project #1 priority; street projects simplifies and delay other levels in the projects. She showed the updated list of the changes; her presentation is part of the meeting record.

Ms. Schmidt suggested that she and the Assistant City Manager bring a summary of today's recommendations to the Commission workshop on Tuesday. The next committee budget workshop will cover an ad valorem tax analysis, including homestead vs. non-homestead and projections.

Vice Chair Greiger mentioned that the biggest budget line item was EMS and fire; earlier this year he did a study and found that more businesses and tourists use the services (Chief Kilpatrick confirmed). He questioned how the city can get compensation for that. Bed taxes were discussed, including working with the county; Mr. Poirrier stated that 60% of that goes directly to advertising by the county.

Vice Chair Greiger opined that the entrance to the city at the Don Cesar looks bad with dead plants and settling bricks. He suggested a win/win situation by allowing the fire and EMS personnel to use their workout facilities while the city's are under renovation in exchange for landscaping. Staff will research whether there are any funds left in the beautification grant.

5. Adjournment

Budget Workshop #4 is scheduled for July 18, 2025 at 2:30 PM.

There being no further business, Chair Samorajczyk adjourned the meeting at 4:07 PM.

These minutes were approved at the November 5, 2025 Finance and Budget Review Committee meeting.