VILLAGE OF PALMETTO BAY

Mayor Karyn Cunningham
Vice Mayor Mark Merwitzer
Council Member Patrick Fiore (Seat 1)
Council Member Steve Cody (Seat 2)
Council Member Marsha Matson (Seat 3)

Village Manager Nick Marano
Village Attorney John Quick
Village Clerk Missy Arocha

In accordance with the Americans with Disabilities Act of 1990, persons needing special accommodation, a sign language interpreter, or hearing impaired to participate in this proceeding should contact the Village Clerk at (305) 259-1234 for assistance no later than four days prior to the meeting.

AGENDA
BUDGET WORKSHOP
MONDAY, JULY 20, 2026 – 7:00 PM

VILLAGE HALL MUNICIPAL CENTER
9705 EAST HIBISCUS STREET, PALMETTO BAY, FL 33157
(305) 259-1234

---

1. **CALL TO ORDER, ROLL CALL, INVOCATION, PLEDGE OF ALLEGIANCE, DECORUM STATEMENT, IN THAT ORDER** Any person making impertinent or slanderous remarks, or who becomes boisterous, while addressing the Council may be barred from further appearance before the Council by the Mayor, unless permission to continue or again address the Council is granted by a majority vote of the Council. Applauding speakers shall be discouraged. Heckling or verbal outbursts in support or opposition to a speaker, or his or her remarks, shall be prohibited. No signs or placards shall be allowed in the Council meeting. Persons exiting the Council meeting shall do so quietly. All cellular telephones and beepers are to be silenced during the meeting.

2. **REQUESTS, PETITIONS, AND PUBLIC COMMENTS** Individuals wishing to speak on matters on the agenda and on items pertinent to the Village may do so by speaking during this section of the agenda. The Mayor will recognize those persons who wish to speak. Each speaker must sign-in prior to speaking on the designated public commentary sign-in sheet. Items for public hearing provided for within the agenda shall not be a topic of discussion during this section of the agenda. Please limit your comments to three (3) minutes or less. Public comments made by members of the public are important to the Village Council. Speakers will address the Village Council with respect.

3. VILLAGE MANAGER'S PRESENTATION OF DRAFT GENERAL FUND BUDGET FOR FISCAL YEAR 2026-2027

A. VILLAGE MANAGER'S PRESENTATION

4. COUNCIL DISCUSSION

5. ADJOURNMENT

WE, THE VILLAGE COUNCIL OF THE VILLAGE OF PALMETTO BAY, HEREBY COMMIT OURSELVES TO MAINTAINING CIVILITY IN OUR PUBLIC AND POLITICAL DISCOURSE AND PLEDGE TO THE FOLLOWING PRINCIPLES:

- We will respect the right of all citizens in our community to hold different opinions;
- We will avoid rhetoric intended to humiliate or question the wisdom of those whose opinions are different from ours;
- We will strive to understand differing perspectives;
- We will choose our words carefully;
- We will speak truthfully without accusation and we will avoid distortion;
- We will speak out against violence, prejudice, and incivility in all of their forms, whenever and wherever they occur.

NOTICE OF APPEAL RIGHTS

Pursuant to Florida Statutes 286.0105, the Village hereby advises the public that if a person decides to appeal any decision made by the Council with response to any matter considered at its meeting or hearing, he or she will need a record of the proceedings, and that for such purpose, the affected person may need to ensure that verbatim record of the proceedings is made, which record includes testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the Village for the introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed.

AMERICAN DISABILITIES ACT OF 1990

This meeting is open to the public. In accordance with the American Disabilities Act of 1990, persons needing special accommodation or a sign language interpreter to participate in this proceeding should contact the Village Clerk at (305) 259-1234 no later than four (4) days prior to the meeting. Hearing Assistance Devices are available with the Village Clerk.

AGENDA ITEM NO. 3.A

Item Cover Page

BUDGET WORKSHOP AGENDA ITEM REPORT

DATE:	July 20, 2026
SUBMITTED BY:	Missy Arocha, Village Manager's Office
ITEM TYPE:	Presentation
AGENDA SECTION:	VILLAGE MANAGER'S PRESENTATION OF DRAFT GENERAL FUND BUDGET FOR FISCAL YEAR 2026-2027
SUBJECT:	VILLAGE MANAGER'S PRESENTATION
SUGGESTED ACTION:	

ATTACHMENTS:
July 2026 Budget Workshop.pptx

FY 2027 Budget Workshop

July 20, 2026

Budget Workshop

FY27 Budget Built at 2.35 Mills

FY27 Rollback Rate
2.1802
Revenue-neutral to FY26

Proposed Rate
2.35
+0.1698 above rollback

110% of Rollback
2.3982
Ceiling before unanimous required

2.35 falls in the 4/5 majority band

Simple Majority (3/5)
Up to rollback rate
2.1802
Not the rate being proposed - shown for reference only.

4/5 Majority Vote
Rollback to 110% of rollback
2.1802 - 2.3982
2.35 falls here. Requires 4 of 5 Council members to approve.

Unanimous Vote
Above 110% of rollback
Above 2.3982
Includes the 2.69 structural balance target. Not what is being proposed here.

Millage Rate: FY27 Reference Points

FY26 Adopted	FY27 Proposed	Structural Target
2.3018	2.35	2.69
Current rate	This workshop	Full recurring balance



2.35 vs. FY26 Adopted	2.35 vs. Rollback	2.35 vs. Structural Target
+0.0482	+0.1698	-0.34
mills higher than the current adopted rate	mills above revenue-neutral	mills below full structural balance

What 2.35 Mills Means for the Median Homeowner

Median Taxable Residential Property: $394,284

FY26 Adopted	FY27 Proposed	Structural Target
2.3018 mills	2.35 mills	2.69 mills
$907.56	$926.57	$1,060.62
per year	*per year*	*per year*

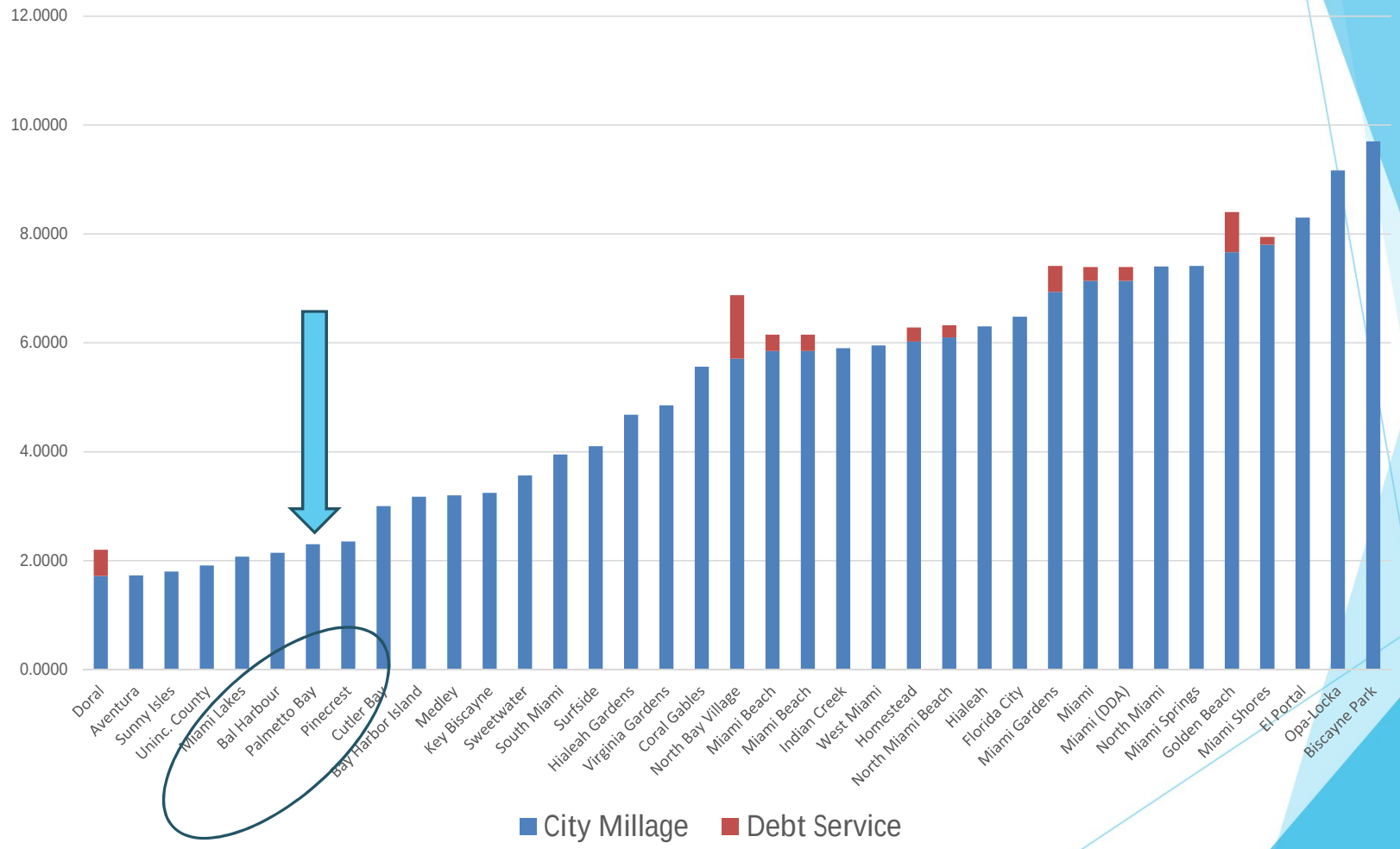
What 2.35 costs the median homeowner

+$19.01 / year

That is about $1.58 per month above the current adopted rate - and $134.05 per year below the full structural balance target.

Source: Miami-Dade County Property Appraiser (median taxable value carried from FY27 Maximum Millage analysis). Verify against FY27 certified roll.

2026 Millage Rate Comparison



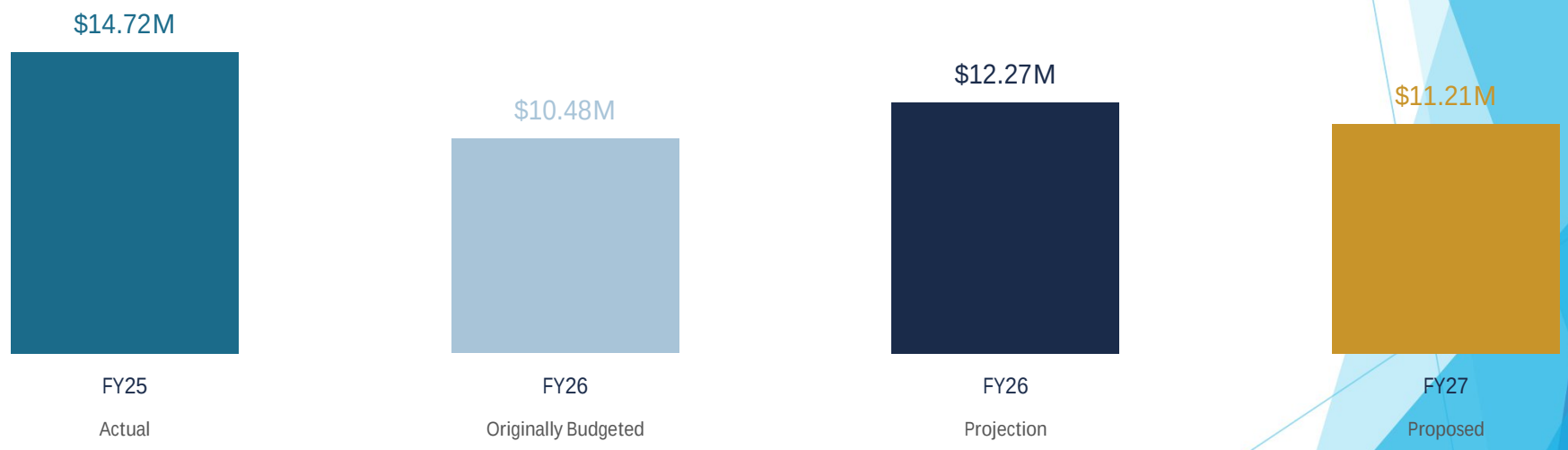
Source: Miami Dade County Property Appraiser

General Fund Balance: Better Than Forecast

FY25 Actual Ending
$14.72M
vs. $14.35M originally assumed

FY26 Est. Surplus
~$1.1M
Projection vs. balanced budget

FY27 Ending (Proposed)
$11.21M
Still above $11M



FY25 closed higher than forecast, FY26 is tracking a ~$1.1M surplus, and FY27's proposed budget still ends above $11M.

FY27 General Fund Summary

Total Revenues
$23.71M
+4.6% vs. FY26 budget

Total Expenditures
$24.52M
+8.1% vs. FY26 budget

Operating Gap
($805K)
Recurring costs, not one-time

Balancing the Budget

The $805K operating gap plus the $250K Coral Reef Park capital project draw a combined $1.055M from fund balance in FY27. Beginning fund balance of $12.27M ends the year at $11.21M.

Operational Risk

The Village can absorb this draw in FY27 - a higher FY25 ending balance, a ~$1.1M FY26 surplus, and a litigation reserve reduced to $0. But this covers recurring operating costs, not a one-time expense, and comes right before a potential FY28 revenue hit from HJR 1F.

HJR 1F: A Compounding Risk for FY28

FY27 Fund Balance Draw
$805K
For operating costs, not capital

HJR 1F Ballot Outcome
Likely to Pass
Per recent polling

FY28 Revenue Loss (if passed)
~$2M

The FY27 Risk

The FY27 budget at 2.35 mills already draws $805K from fund balance to cover recurring operating costs - not a one-time capital expense, but a structural gap. Adopting 2.35 now means the Village enters FY28 already leaning on reserves.

The FY28 Risk

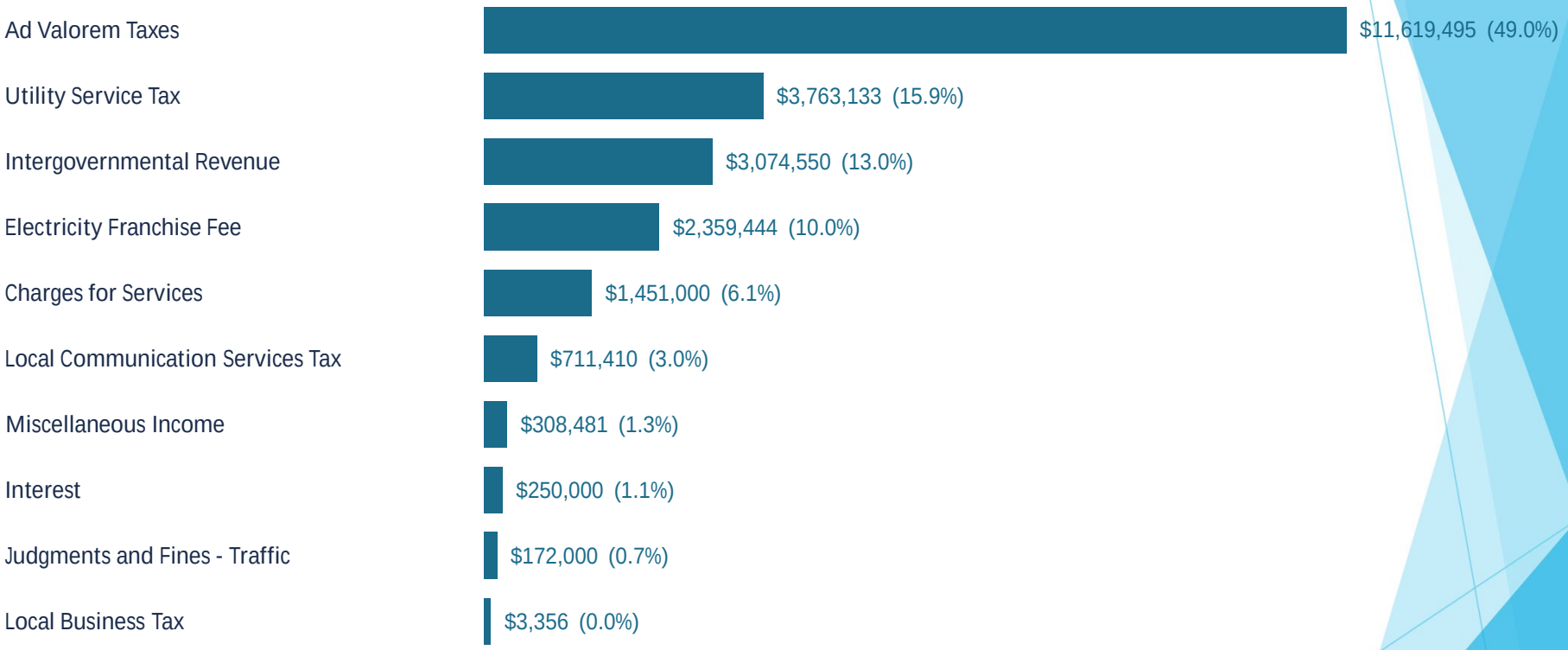
FY27: reserves drawn down $805K for operating costs. FY28: if voters approve HJR 1F this November, ad valorem revenue drops. Village enters difficult two-year cycle not from structural balance, but from a position of weakness having already drawn down reserves for operating costs, reduced staffing levels and made cuts to service levels.

What's Driving the Change: FY26 to FY27

Largest Expenditure Increases	$ Change vs. FY26	% Change
Police	+$864,750	+7.3%
General Government	+$289,627	+11.2%
Planning & Zoning	+$178,539	+25.1%
Facility Maintenance	+$94,955	+15.7%
Village Attorney	+$126,424	+39.1%
Total Expenditure Change	+$1,838,768	+8.1%

Attorney's increase looks large in percentage terms but is off a low FY26 budgeted base ($323,576); the FY26 actual/projected run rate was closer to $1.1M due to one-time litigation. FY27 assumes the litigation reserve is reduced to $0, reflecting a lighter caseload going forward.

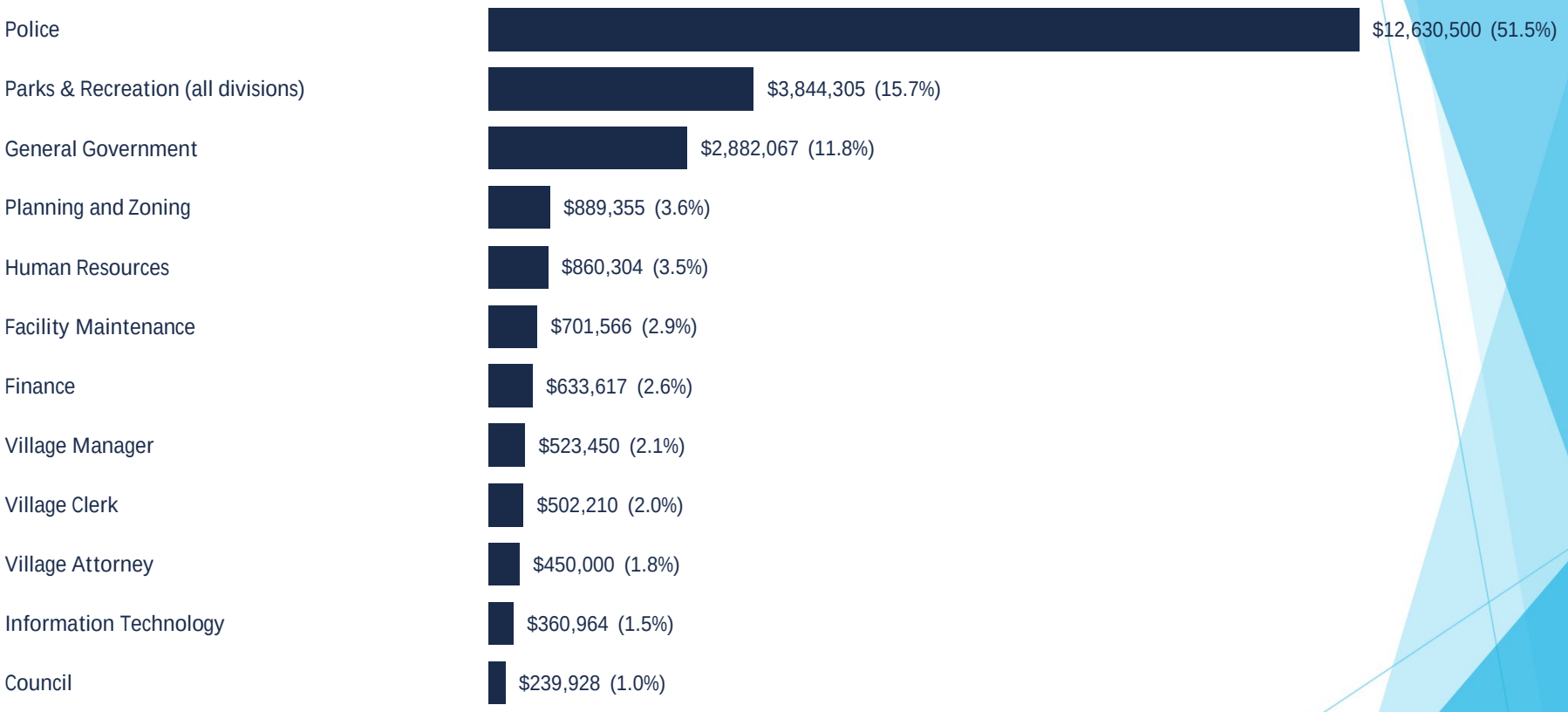
FY27 Revenue by Source



Total FY27 Revenue: $23,712,869

Source: FY2027 GF Budget model with revenue summary (Finance, 7/13/26). Official Finance category totals; Munis displays revenue as negative internally.

FY27 Expenditures by Department



Total FY27 Expenditures: $24,518,266

Service Level Metrics

Police Services

Village of Palmetto Bay

$488

National avg: $407

per resident

Village invests significantly more in public safety - residents move here specifically for that.

Parks & Recreation

Village of Palmetto Bay

$146

National avg: $93

per resident

Village invests 57% above the national average - a strong draw for the Village.

Administrative Overhead

Village of Palmetto Bay

24%

National avg: 20-35%

of budget (best practice range)

Village operates lean administration at the low end of the accepted range.

Palmetto Bay strategically invests more where it matters most - public safety and quality of life - while operating lean.

FY27 Capital Investment

FY27 Capital Budget
$250,000
One project, fully funded

FY26 Capital Transfers
$3.60M
For comparison

5-Year Total (FY22-26)
$32.08M

Coral Reef Park - Composite Perimeter Fencing

$250,000

The only capital project funded in the FY27 proposed budget. This is a deliberate one-year pause in new capital commitments, following five years averaging over $6M annually - allowing the Village to rebuild fund balance after a heavy capital cycle while still funding necessary infrastructure maintenance.

A light capital year by design - not a sign of deferred need, but a deliberate choice to protect fund balance while FY26's larger projects are completed.

Five-Year Capital Investment: Where the Money Went

FY22 - FY26 Total
$32.08M
Non-duplicated capital spend

Largest Category
Parks & Rec
$15.98M - 49.8% of total

Second Largest
Stormwater
$9.06M - 28.2% of total

Category	Investment	% of total
Parks & Recreation	$15,975,413	49.8%
Stormwater Management & Drainage	$9,057,556	28.2%
Transportation & Complete Streets	$2,702,000	8.4%
Village Facilities & Infrastructure	$1,774,000	5.5%
Water Infrastructure	$1,154,456	3.6%
Community Development & Planning	$928,000	2.9%
Environmental & Resiliency	$393,750	1.2%
Technology & Software	$92,252	0.3%
Total capital investment	$32,077,427	100.0%

How It Was Funded - And Why That Matters Now

ARPA (one-time federal)
$12.0M+
Now fully obligated

Dedicated Fees & Grants
$15.1M - $18.2M+
Restricted to specific uses

General Fund
Balance
Tied to the millage rate

ARPA - one-time
$12.0M+
Well water abandonment, staffing offset, sub-basin designs, water mains. Fully obligated - no future capacity remains.

Dedicated fees & grants
$15.1M - $18.2M+
Impact fees, stormwater fees, and transportation/CITT funds total ~$15.1M. Adding the one known state/federal grant line brings it to ~$18.2M - additional unquantified grants likely push the true figure higher.

General Fund surpluses
Balance
Multi-year discretionary contributions - the only piece of the last five years that scales with the millage rate Council sets.

ARPA is exhausted. Sustaining this pace of investment now depends on General Fund capacity - set by the millage rate.