



MINUTES

BOARD OF COMMISSIONERS BUDGET WORKSHOP MEETING APRIL 29, 2026 2:00 P.M.

The City of Madeira Beach Board of Commissioners held a budget workshop meeting at 2:00 p.m. on April 29, 2026 in the Patricia Shontz Commission Chambers at City Hall, located at 300 Municipal Drive, Madeira Beach, Florida.

MEMBERS PRESENT: Anne-Marie Brooks, Mayor
Eddie McGeehen, Vice Mayor/Commissioner District 3
David Tagliarini, Commissioner District 1
Charles “Chuck” Dillon, Commissioner District 2
Housh Ghovae, Commissioner District 4

MEMBERS ABSENT: None

CHARTER OFFICERS PRESENT: Michael Helfrich, City Manager
Clara VanBlargan, City Clerk
Thomas Trask, City Attorney
Andrew Laflin, Finance Director Consultant

1. CALL TO ORDER

Mayor Brooks called the meeting to order at 2:00 p.m.

2. ROLL CALL

City Clerk Clara VanBlargan called the roll. All were present.

3. PUBLIC COMMENT

There were no public comments.

4. FY 2027 Budget Workshop #1

I. Excerpts from FY 2025 Audited Financial Statements

Finance Director Consultant Andrew Laflin explained that the session was not intended to project specific FY 2027 spending, but rather to establish a clear financial baseline showing where the City stood at the close of FY 2025, what had transpired financially through mid-April of FY 2026, and what that picture implies for the upcoming budget cycle. That will provide an understanding of the reserve picture, the cash and investments the City has historically held in the bank, and what

they have today. A formal presentation from the City's new audit firm, Mauldin and Jenkins, would be delivered at the next regular meeting by the audit partner. For this workshop, he had pulled selected pages from the audited report to provide historical context and facilitate discussion.

Mr. Laflin offered an orientation on governmental fund accounting to new Commissioners. He explained that the City operates two categories of funds: governmental funds and enterprise (proprietary) funds. Enterprise funds, comprising Sanitation, Stormwater, Marina, and Parking, are intended to be largely self-sustaining, funded by user fees and charges, with revenues expected to at least match expenses. Governmental funds may also include user fees and assessments but are additionally supported by tax revenues.

Statement of Revenues, Expenditures, and Changes in Fund Balance in Governmental Funds

General Fund: Mr. Laflin directed attention to the Statement of Revenues, Expenditures, and Changes in Fund Balance. He highlighted the "excess or deficiency of revenues over expenditures" line as the key indicator of operating performance, noting that he was pleased to see a positive result in the General Fund. He drew attention to the notably high intergovernmental revenue of \$6.3 million and the correspondingly high general government expenditure of \$9.2 million, characterizing both as aberrations driven by the hurricanes in September and early October 2024.

Commissioner Ghovae asked for a breakdown of intergovernmental revenue, specifically the amount attributable to FEMA versus other intergovernmental sources. Mr. Laflin reported that approximately \$4.581 million of the \$6.33 million in intergovernmental revenue was recorded to the "FEMA grant revenues" account, representing reimbursement for debris removal costs. He noted that the City had received FEMA funding in advance through the Florida DEP's CAT-A program, based on estimated debris removal costs, resulting in a favorable cash flow outcome. The remaining intergovernmental revenues included state revenue sharing, the local option (0.5 cent) sales tax, and funds received from Pinellas County, the latter potentially related to the Redington EMS interlocal agreement.

Returning to the General Fund, Mr. Laflin described the \$1.677 million transfer-in as the administrative overhead charge the General Fund assesses on other funds, primarily enterprise funds and the Archibald Park and Building funds, to recover the costs of General Fund departments, such as Finance, that provide services benefiting those funds. The \$299,000 transfer-out was the debt service payment on the City's governmental activities borrowing. The net result was a positive change in the fund balance of approximately \$1.5 million, bringing the General Fund's ending balance from \$17.4 million to \$18.9 million as of September 30, 2025.

Commissioner Ghovae raised the subject of tourist development taxes (bed taxes) and asked whether the City receives any share. Mr. Laflin clarified that the Tourist Development Tax flows to Pinellas County and is not shared with municipalities. Mayor Brooks added that the City's indirect benefit from the Tourist Development Council (TDC) Grant Program comes through event-based grants, such as funding for the Seafood Festival's advertising and entertainment. No municipality receives bed taxes directly. Commissioner Ghovae then asked whether anyone from Madeira Beach serves on the TDC board. The Mayor said no.

Archibald Park Fund: Mr. Laflin noted that service charges typically include parking fees collected from the parking meters at Archibald Park. Intergovernmental revenues from Archibald Park typically include parking fees and parking meter revenues. Intergovernmental revenues of nearly \$1 million are tied to the beach renourishment/restoration project and to a capital outlay of approximately \$3 million, nearly all attributable to the same project. A prior-year General Fund transfer helped absorb costs, but the ending fund balance was drawn down significantly to approximately \$663,000.

Building Fund: Mr. Laflin described the Building Fund results as "concerning but expected." The fund began FY 2025 with a balance of approximately \$1.028 million and ended with just under \$70,000 as of September 2025, a loss of roughly \$957,000. He attributed this primarily to the City's policy decision to waive permit fees for storm-damaged properties, which reduced permit and fee revenue to \$376,000, compared with the more typical expectation of over \$1 million annually.

Non-Major Governmental Funds: Mr. Laflin reviewed the four non-major governmental funds:

- **Local Option Sales Tax (LOST) Fund:** Revenues of \$667,000 in FY 2025 from the "Penny for Pinellas" discretionary surtax, consistent with prior years (roughly \$686,000–\$787,000 annually). Because capital spending in this fund was minimal in FY 2025, only \$125,000, due to the City's focus on storm recovery, the fund had accumulated a healthy balance of approximately \$3.2 million as of September 30, 2025.
- **Impact Fee Fund:** Created as a separate fund in FY 2024 to ensure full transparency, after impact fees (for transportation, parks and recreation, and public safety) had initially been collected into the General Fund following an ordinance passed approximately in FY 2023. Revenues totaled \$189,000 in FY 2025, compared with \$243,000 in FY 2024. No impact fee funds have yet been spent, and statutory restrictions on their use and expenditures must be tied to capital improvements necessitated by the new development's impact on existing infrastructure.
- **Gas Tax Fund:** A consistent, specific revenue source used for transportation-related maintenance such as street and light upkeep. No major variances noted.
- **Debt Service Fund:** Receives a transfer of \$299,000 from the General Fund to cover annual debt service payments on the 2013 governmental borrowing. The change in fund balance reflects interest earned on the fund's cash balance.

Enterprise (Proprietary) Funds

Sanitation Fund: Mr. Laflin expressed satisfaction with the Sanitation Fund's results: approximately \$2.2 million in operating revenues against \$1.6 million in expenses, including depreciation, yielding roughly \$500,000 in operating income. He attributed the improved performance to a fee increase implemented several years ago, following a period of flat or declining results. Another fee increase was not warranted at this time, as accumulated reserves are building toward future capital needs, primarily vehicle replacements. He acknowledged that personnel costs, disposal fees, and landfill costs continue to rise. He indicated the fund's performance would be monitored closely, and a future fee review would be appropriate if costs begin to approach or exceed revenues.

Stormwater Fund: Mr. Laflin described a persistent operating deficit in the Stormwater Fund, with revenues of \$680,000 against total operating expenses, including nearly \$1.5 million in depreciation. The stormwater fee on utility bills, set at \$10 per month per equivalent dwelling unit, has not been increased in several years, while significant infrastructure investment, including a \$15 million bond issuance in 2019 to fund multiple stormwater projects, has driven depreciation expense upward. Depreciation, currently approximately \$970,000 annually, would continue to rise as projects such as Area 3, Area 5, and Area 9 are completed and placed into service.

Commissioner Tagliarini noted that the stormwater fund had shown a positive result of \$1.5 million in FY 2022, but the income had dropped substantially in subsequent years, and asked what accounted for that swing. Public Works Director Megan Wepfer said it was a reimbursement from Frontier Communications for road and stormwater damage caused by their utility work at five locations: three on Crystal Drive and two on Lillian. Mr. Laflin confirmed this in the system, citing vendor Keystone Excavators and noting that the expense and corresponding reimbursement revenue effectively offset each other, explaining the elevated figures in both the revenue and expense lines for that year.

Commissioner Ghovae asked about the current stormwater ERU rate. Director Wepfer and the Mr. Laflin confirmed it is \$10 per month per ERU. Commissioner Ghovae also asked how that rate compares to other beach communities. Mr. Laflin acknowledged this is an important comparative question and offered to conduct a peer analysis. He suggested the stormwater fee could be a subject of a future workshop discussion, noting that while he is not suggesting the fee should cover 100% of all major stormwater project costs in a single year, it would be reasonable to expect the fee to cover a greater share of annualized operating costs, including depreciation. He noted that the City had instead chosen to increase the millage rate to fund stormwater debt service rather than raise the stormwater fee itself, and suggested that both approaches merit re-evaluation.

Commissioner Tagliarini expressed concern about the optics of a potential fee increase for residents and asked for more detailed background information to justify any future decision. Mr. Laflin agreed, saying he wanted to give them all the ammunition they needed. If a fee increase is under consideration, he could provide a full financial picture and explain why they are evaluating it.

Commissioner Dillon asked whether impact fee reserves could be used to offset building fund or stormwater operating costs. Mr. Laflin explained that impact fees are subject to strict statutory restrictions and may be applied only to capital expenditures that expand infrastructure capacity in response to growth, not to routine operating expenses.

Marina Fund: Mr. Laflin highlighted continued strong performance, with a nearly \$350,000 increase in net position after a \$186,000 transfer out (administrative overhead to the General Fund). Net position rose from approximately \$4.2 million to \$4.6 million in FY 2025. The Marina Fund's performance has improved substantially since FY 2020 and has been consistently profitable throughout his tenure at the City.

Parking Fund: Mr. Laflin noted that the Parking Fund was not established until FY 2023. Parking revenues were previously included in the General Fund, so no FY 2022 data exist for this fund.

Despite concerns that the hurricane-related closure of parking lots in the fall of 2024 would severely impact revenues, he reported that the dip was less severe than anticipated. The fund saw a modest decline from a \$3.5 million peak in FY 2023 to approximately \$3.2 million in FY 2025, which he characterized as a solid recovery given the circumstances.

II. 4 Year Historical Revenues & Expenses and Reserve Analysis

Mr. Laflin walked through a multi-year trend overview covering FY 2022 through FY 2025 across all funds. Key observations included:

- The General Fund showed elevated revenues (\$18 million in FY 2025 vs. \$14 million in FY 2024) and elevated expenses due to over \$5.187 million in disaster-related expenditures that did not exist in prior years, a 1-time item that will not recur in FY 2027.

Commissioner Tagliarini asked whether future budget documents would clearly distinguish 1-time from recurring items. Mr. Laflin confirmed that the FY 2027 budget document would present prior-year actuals alongside current-year-to-date and annualized estimates, enabling commissioners to identify anomalies.

- Building Fund revenues were significantly lower in FY 2025 due to the permit-fee waiver policy, as discussed previously.
- Local Option Sales Tax (LOST) Fund revenue was notably stable over the four years despite hurricane impacts, ranging from \$686,000 to \$787,000 annually, and capital spending remained low in FY 2025.
- Archibald Park Fund showed a large expenditure spike in FY 2025, attributable to the beach renourishment project.
- Enterprise funds generally showed consistent revenue trends, with modest hurricane-related dips in Marina and Parking that recovered well.

Mayor Brooks reminded the Commission that today's session was intended as a high-level overview and that future workshops would provide the line-item detail needed to analyze specific year-over-year variances in depth. She encouraged all Commissioners to review the prior year's budget document in preparation for those sessions.

Capital Outlay Activity

Mr. Laflin noted that governmental fund financial statements reflect capital expenditures as "capital outlay" (an expense), whereas enterprise fund statements capitalize those costs as assets on the balance sheet. He presented a supplemental table showing actual capital asset acquisitions and construction activity across funds over multiple years. Key observations:

- Sanitation Fund capital activity is cyclical, with larger vehicle purchase years followed by quieter years.
- Stormwater Fund capital activity has grown significantly in recent years as the Area 3, 5, and 9 projects have ramped up, and FY 2026 year-to-date activity has also been elevated.

- Marina Fund saw an uptick in FY 2025 and continued into FY 2026 due to seawall replacement work.

Fund Reserve Analysis

Mr. Laflin presented a reserve analysis page showing ending fund balances as of September 30, 2025, combined with FY 2026 year-to-date actual inflows and outflows through mid-April, to estimate the current available reserve for each fund.

General Fund: Mr. Laflin noted that the \$18.9 million ending balance had been substantially reduced by the \$18.12 million acquisition of the property at 555 150th Avenue, paid entirely in cash. He acknowledged this was a deliberate, known expenditure but noted that it meaningfully reduced the cushion available for future capital investment. He also noted that he had previously structured the acquisition as a "continuing resolution" to preserve the option of rolling the land purchase cost into a future bond issuance if the City wished to redeploy cash for development costs.

Building Fund: Mr. Laflin described the Building Fund's current trajectory as the most concerning of all the funds. Beginning with a nearly depleted balance of \$70,000, the fund's FY 2026 expenses are running well ahead of revenues. With expenses at \$780,000 year-to-date (half-year), he projected an annualized expense run rate that could produce a deficit of approximately \$331,000 against available reserves — meaning the fund could be in a negative reserve position by year-end. He identified the primary driver as professional services costs for outsourced building department functions (plans review, inspections, and the building official role), which are necessary given the inability to fill those positions in-house but are considerably more expensive than budgeted. He used the analogy of the fractional model working well for positions like City Attorney and Finance Director, but breaking down when the need is effectively full-time: "It's not working well on the building side because we do need a full-time building official." He acknowledged that permit fees may also warrant review.

Lost Option Sales Tax (LOST) Fund: A healthy balance of approximately \$3.2 million, with continued annual inflows, provides a reliable resource for capital improvement projects as they advance.

Archibald Park Fund: Minimal remaining balance after the beach renourishment project. Any future capital improvement plans for Archibald Park would require significant General Fund subsidies.

Marina and Parking Funds: Both continue to perform well, with positive year-to-date results for FY 2026.

III. Outstanding Debt & Cash & Investments Balances

Current Outstanding Debt - As of the Beginning of Year FY 2026

Mr. Laflin presented the City's current debt obligations, noting with satisfaction that the City has relatively modest debt, issued in only three transactions:

- **2013/2014 Issuance – City Center Construction:** Original principal of \$4.7 million; approximately \$3.5 million remains. Annual debt service is approximately \$299,000. He had previously explored refunding this obligation but found the interest rate savings insufficient to justify the transaction at that time. He indicated that the City would continue to monitor interest rate conditions for a future refunding opportunity.
- **2019 Stormwater Revenue Bond:** Original issuance of \$15 million to fund multiple stormwater infrastructure projects; approximately \$12 million remains outstanding. The annual debt service requirement is about \$1 million. General Fund transfers to the Stormwater Fund typically cover this debt service cost.
- **2015/2020 Stormwater Refunding Bond:** Mr. Laflin said the original issuance of \$4.4 million, refunded in 2020 at an interest rate of 1.73%, which is excellent. Approximately \$2.3 million remains outstanding.

Mr. Laflin said that all existing debt matures by 2044, meaning the City would be completely debt-free unless new debt is issued. He acknowledged that new debt may be required, depending on capital improvement decisions made through the FY 2027 budget process.

Cash & Investments Historical Balances – Thru April 2026

Mr. Laflin presented the City's cash and investment balances over time. He described the structure: a \$750,000 steady-state operating account with Hancock Whitney, with excess funds swept into an investment account that earns a competitive rate. The City also uses the Florida LOCAL CLASS (Local Government Investment Pool), which has been funded since FY 2023 and has earned a strong return.

Mr. Laflin said historical cash and investment totals grew steadily from \$33 million (April 2022) to a peak of approximately \$38 million (April 2024), then declined sharply to approximately \$22 million as of mid-April 2026, following the \$18.12 million cash payment for the 150th Avenue land acquisition. He was much less concerned about budgeted capital costs before the \$18 million. Future capital improvement proposals presented in Workshop #2 must clearly identify their funding sources, such as grants, existing reserves, new debt, or a combination. Simply funding deficits from reserves is less straightforward now than it was a year ago.

IV. Proposed FY 2026 Budget Amendment #1

Mr. Laflin explained that budget amendments are standard in municipal government and occur when unplanned events arise after the budget is adopted. Under the City's Code of Ordinances, departments may reallocate funds within their budgets without Commission approval, but any increase to a department's overall expense budget requires a formal resolution approved by the Commission. He indicated that if the Commission was comfortable with the proposed items, he would bring Amendment #1 forward as a resolution at the next regular meeting.

Three items comprise the proposed amendment:

- 1. Gulf Boulevard Undergrounding Project:** A purchase order rollover from FY 2025 to FY 2026 with Utility Consultants of Florida for unfinished work on the Gulf Boulevard undergrounding project. This item has a dedicated revenue offset through an interlocal agreement with Pinellas County, resulting in no net impact on reserve balances.
- 2. Land Purchase at 555 150th Avenue:** An increase of \$18,120,000 to the General Fund capital budget to formally record the property acquisition. This was not included in the original FY 2026 budget. The expenditure is offset by the use of fund balance/net position carryover (reserves), as there is no dedicated external funding source for this purchase.
- 3. Redington EMS Station Construction:** An increase in the budget for construction costs for the Redington Station project. Although the City manages the project and pays vendors, the building is legally the County's asset. Accordingly, the costs are recorded as operating expenses rather than as capital assets. All costs are fully reimbursed by the County, resulting in no net impact on City reserves.

Mr. Laflin presented a summary page showing all General Fund departments' FY 2026 budgets, along with year-to-date actuals and encumbrances. He noted that some departments, such as Information Technology (9% remaining budget), Law Enforcement (3%), and Legal Expenses (8%), appeared to have very little budget remaining. He clarified that these figures include encumbrances, such as committed purchase orders and the annual contract with Pinellas County for law enforcement services, which reduce the apparent remaining budget without indicating any actual risk of overspending. He stated that he did not anticipate any additional amendments at this time.

Commissioner Ghovae expressed comfort with the Finance Director presenting the amendment as a resolution at the next regular meeting.

The Board's consensus was to bring Amendment #1 forward for approval at the next regular meeting.

V. FY 2027 Budget Workshop & Adoption Timeline

Mr. Laflin presented the proposed schedule for the remaining FY 2027 budget workshops and the formal budget adoption process:

- **Budget Workshop #2 – May 27, 2026 at 2:00 p.m.**
 - Capital Improvement Plan
 - Position Listing & Benefits Overview

Mr. Laflin explained he will focus on the Capital Improvement Plan (CIP) and an initial presentation of personnel costs, including a roster of all positions (both currently filled and vacant), associated salaries, taxes, benefits, health insurance, and retirement costs. He committed to presenting each capital project with a clear funding source identification rather than a generalized "wish list," noting the changed reserve environment.

Mayor Brooks raised the question of timing relative to the City's strategic planning process, expressing concern that capital improvement decisions could be made before the Commission has articulated the City's strategic priorities. She asked the City Manager whether strategic planning could be completed within 60 days and whether the CIP could be revisited following that process.

The City Manager acknowledged the constraint and suggested that the Kimerly-Horn Master Plan offers a reasonable interim framework for capital decisions until a more formal strategic plan is completed. He noted that the City was in early discussions with Innovative Labs (formerly Creative Labs) to facilitate the strategic planning process and expressed hope that the process could be completed within 60 days, though he could not commit to that timeline with certainty. Mr. Laflin clarified that while the City's code requires the capital budget to be formally presented by July 1, that does not lock in those decisions. The CIP can go through multiple iterations throughout the process, including after strategic planning conclusions are reached.

Commissioner Dillon said he would be unavailable for the September 23 meeting for the second public hearing on the budget, and for the October 10 meeting, due to prior personal commitments made before taking office. Mr. Laflin expressed a preference for full Commission participation in the September vote, which adopts both the millage rate and the budget and requires reporting the vote to the state. He will work with the City Clerk to set a new public hearing date to accommodate full attendance.

- **Budget Workshop #3 - June 24, 2026; 2:00 p.m.**
 - Personnel budget detail.
- **Budget Workshop #4 – July 22, 2026; 2:00 p.m.**
 - Ad valorem tax analysis
 - Preliminary Budget Book – Summary of Changes
- **Budget Workshop #5 - August 26, 2026; 2:00 p.m.**
 - Tentative Budget Book – Summary of Changes

Mr. Laflin said this meeting would be the final review prior to the formal adoption process. It could be brief, 10 to 15 minutes, if prior workshops had been thorough.

- **Public Hearing #1 – September 9, 2026; 5:45 p.m.**
 - 1st Reading and Public Hearing – Adopt FY 2027 tentative millage rate ordinance and FY 2027 tentative budget ordinance
- **Public Hearing #2 – September 23, 2026; 5:45 p.m.**
 - 2nd Reading and Public Hearing – Adopt FY 2027 tentative millage rate ordinance and FY 2027 tentative budget ordinance

Commissioner Ghovae asked whether the upcoming personnel workshop would include a discussion of the currently vacant positions, specifically the HR Director and Public Information/Community Communications Officer roles. The City Manager confirmed that both positions are being actively pursued: a recruiter has been engaged for the HR Director search, and

a recruiting budget is being developed. The Community Communications Officer position is expected to be filled through a direct in-house hiring process without a recruiter.

Mr. Laflin closed the workshop by thanking the Commission for their engagement and characterizing the session as an important foundation for the detailed work ahead. There are four more budget workshops to go. The meeting adjourned at 3:32 p.m.

Mayor Brooks opened the floor to public comment.

There were no public comments.

5. ADJOURNMENT

Mayor Brooks adjourned the meeting at 3:32 p.m.

ATTEST:

Anne-Marie Brooks, Mayor

Clara VanBlargan, MMC, MSM, FCMC, City Clerk