City of Melbourne, Florida
Minutes – Budget Special Meeting Before City Council
July 29, 2025

A special workshop of the City Council was held in the City Council Chamber, 900 East Strawbridge Avenue, and was called to order at 5:35 p.m. by Vice Mayor David Neuman.

1. Pledge of Allegiance

2. Roll Call

   Present:

David Neuman	Vice Mayor, District 3
Marcus Smith	Council Member, District 1
Mark LaRusso	Council Member, District 2
Rachael Bassett	Council Member, District 4
Mimi Hanley	Council Member, District 5
Julie Kennedy	Council Member, District 6
Jenni Lamb	City Manager
Joan Junkala-Brown	Deputy City Manager
Adam Conley	City Attorney
Kevin McKeown	City Clerk
Justice Stevens	Assistant City Clerk
Ross McGinn	Director of Finance
Marla Keehn	Management and Budget Officer

   Absent:

Paul Alfrey	Mayor (medical recovery)

3. Review of the Fiscal Year 2026 Proposed Budget

   Director of Finance Ross McGinn explained that the purpose of the special meeting is for Council Members to have an opportunity to discuss the proposed budget, make any changes deemed warranted, and to adopt a proposed millage rate for transmittal to the Property Appraiser for inclusion in Truth-in-Millage notices mailed to property owners in August. It is important to note that the proposed rate approved at this meeting cannot be increased at the September hearings, although it may be decreased, if desired.

   Mr. McGinn discussed several underlying economic conditions that factored into the production of the proposed budget, including: persistent inflationary pressures, complicated by potential tariff impacts; an unemployment rate (3.7%), which is higher than in previous years; the Federal Reserve's Fed Funds Rate Target remaining at and elevated 4.25% - 4.50%; and a U.S. Treasury Yield

Curve that "un-inverted" back in December 2024, which usually is a precursor to a recession.

Regarding General Fund revenue trends in the current fiscal year 2025, most revenue remains flat, with the only increase being noted in the Water & Sewer Fund rate of return, up $521,755. Project trends in FY2026 include a decrease in the following revenue streams: local government ½ cent sales tax, local option gas tax, and state-shared revenue sales tax.

Mr. McGinn provided an overview of projected revenues and expenditures in fiscal year 2026, noting that revenue coming in still does not allow for any increases to the pavement management plan or capital outlay plan for machinery and equipment. Regarding employee compensation, which is the largest expenditure, Mr. McGinn noted that the city has awarded public safety bargaining units with contracts that are the most competitive in the area. With regard to general employees, a compensation and classification study is underway to address that category.

Regarding the millage rate, Mr. McGinn noted that the General Fund budget has been balanced with a proposed millage rate of 6.6703 mills, which is 6% above the rolled-back rate of 6.2927. He displayed a chart comparing the city's proposed millage rate against the rates of other cities in Brevard County. For further information, Mr. McGinn noted that for a single-family home with a median taxable value of $124,025.00, the proposed millage rate represents a tax increase (annually) in the amount of $46.83.

To summarize, the 2025 adopted budget totaled $256,642,083, while the proposed 2026 budget totals $266,907,023, which is an increase of 4%.

Council Member Mark LaRusso encouraged Council not to compare millage rates between the cities listed in the slides. He discussed the differences in the operations of the various cities and encouraged Council to focus strictly on Melbourne and this city's needs.

Mr. McGinn explained that the Council is being asked to set a proposed millage rate. The budget is based on the millage rate of 6.6703 mills, which is 6% above the rolled-back rate of 6.2927 mills, and is considered to be a tax increase in accordance with Section 200.065 of Florida Statutes. Mr. McGinn provided a chart that demonstrated a ten-year history of adopted millage rates, with the proposed rate for fiscal year 2026.

For perspective, Council was provided with alternative millage rate options, including what items would be funded if higher millage rates were approved. For example, a millage rate of 6.2927 (the rolled-back rate) would result in needing a decrease of over $3 million from the budget. Multiple options were provided for millage rates above the proposed rate of 6.6703 mills, along with ideas for use of the additional revenue generated by the higher millage rate. Ultimately, options included adding additional funding into roads or towards deferred machinery and equipment. The highest option, which would require a 2/3 vote of the City Council, would be a millage rate of 7.2342, resulting in a $4.5 million increase to the budget, opening up the door for additional items to be covered by the increased funding.

Mr. McGinn provided additional information on how the additional millage rate options would affect single-family home tax rates. For example, the proposed millage rate would generate an increase of $46.83 for the average home, while the highest option millage rate (7.2342) would generate an increase of $116.77.

Mrs. Lamb closed by stating that the additional options provided were just a starting point. Council can direct staff to allocate any amount of funding to any projects it deems to be a priority.

Vice Mayor Neuman stated that Council can begin to discuss the contents of the budget. He started the conversation by noting that the Mayor and Council budget includes a line item for training and education for a total of $15,000. He recommended that Council reduce this line item by $5,000 to give that funding back to staff.

Discussion continued regarding Council's ability to review individual line items in the budget and make suggestions/recommendations. Staff replied that if Council has areas it wishes to adjust, now would be the time to advise staff as the budget is being finalized over the next few weeks. Additionally, staff clarified how funds not used in various line items are allocated.

Following further discussion on the types of events Council attends, the historical averages spent in various Mayor and Council budget line items, and the ability to move money around through budget adjustments, Council expressed its consensus with reducing the Mayor and Council training and education budget by $5,000.

Continuing, Vice Mayor Neuman referenced the West Crane Creek Pedestrian Bridge, Project No. 10512, and stated that the project has been punted for several years now. He stated that there is currently $440,000 allocated for that project and that in his opinion, Council could use those funds to put towards the Holmes Park renovation project or the Downtown Melbourne streetscape project.

Discussion took place regarding individual Council Members' support or opposition to the idea, whether closing out the project entirely would occur, or whether the existing funds would simply be moved while the project "stays on the books."

Following discussion, Council expressed consensus with simply moving the funds and putting them towards Holmes Park.

The Vice Mayor opened the floor for public comments.

Jeremy Hancock, 4386 Doncaster Drive, noted that he sent a letter to the City Council Members about the importance of infrastructure and the consequences of not keeping up with basic maintenance needs.

Mark Herendeen, Melbourne, stated that the pedestrian bridge is viewed as a critical necessity by local residents and discussed the benefits of the project.

4. Adoption of Proposed Millage Rates

Ms. Hanley stated that Council should consider selecting option 6 (a millage rate of 7.2342) so as to give Council the most options, with reducing the millage rate during the budget public hearings still being an option.

Mrs. Lamb stated that if the maximum millage rate is selected, staff would be looking at various CIP projects and would provide Council with a list of things that could be added with the additional funding.

Discussion continued.

The Vice Mayor opened the floor for public comments. There were no comments from the audience.

Moved by Hanley/Bassett for adoption of an operating millage rate of 7.2342 mills for fiscal year 2026. Motion carried. Vice Mayor Neuman voted nay.

Moved by Hanley/LaRusso for adoption of the proposed debt service millage rate of 0.2977 for fiscal year 2026. Motion carried unanimously.

5. Adjournment

The meeting adjourned at 7:41 p.m.

/s/ Kevin McKeown, City Clerk – August 6, 2025

Approved by Council: August 12, 2025