



**City of Melbourne, Florida
City Council Agenda
Special Workshop Meeting**

City Hall Council Chamber
900 E. Strawbridge Avenue
Melbourne, FL 32901

July 29, 2026, 5:30 PM

In accordance with the provisions of Article II, Section 2.09 of the Charter of the City of Melbourne, Florida, the City Manager hereby calls a Special Meeting of the City Council, to be held in the Council Chambers at 900 East Strawbridge Avenue on Wednesday, July 29, 2026 at 5:30 p.m.

1. Pledge of Allegiance
2. Roll Call
3. Review of the Fiscal Year 2027 Proposed Budget
4. Adoption of Proposed Millage Rates
5. Adjournment

Mayor Paul Alfrey and Council Members Mark LaRusso and David Neuman, as members of the Airport Authority Board, may discuss Airport Authority issues, which may subsequently be addressed by the Airport Authority.

Council Members Marcus Smith, Mark LaRusso, Mimi Hanley, Vice Mayor Julie Kennedy (alternate) and David Neuman (second alternate), as members of the Space Coast Transportation Planning Organization (SCTPO), may discuss SCTPO issues, which may subsequently be addressed by the SCTPO.

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

accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the City Clerk's Office (321-608-7220) at least 48 hours prior to the meeting.



Melbourne City Council
July 29, 2026
City Manager's Item Report

Department:	Financial Services
Presenter:	Ross McGinn
Council District:	N/A
Reading Number:	N/A
Quasi-judicial Item (Disclosure Required):	No
Public Hearing:	No
Item Number:	A.3.

Subject:

Review and Discussion of the Fiscal Year 2027 Proposed Budget

Background/Consideration:

This is a Special Meeting called to commence City Council's preliminary review of the Fiscal Year 2027 Proposed Budget, which was distributed to City Council on July 14, 2026. 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. In addition, in accordance with new legislation, any rate above the rolled-back rate would require a super-majority (2/3rds) vote.

The FY 2027 Proposed Budget includes all funds, except the Airport Fund, which will be provided at the first hearing in September for inclusion into the budget. The total proposed budget is \$369,368,494, which reflects an increase of approximately \$94.5 million over FY 2026 due to major bond-funded projects in the Water & Sewer Fund.

Following guidance provided by City Council at its June 9, 2026 meeting, the FY 2027 General Fund Budget is balanced at the rolled-back millage rate of 6.8781. The total General Fund Budget is \$117.9 million, which is \$2.1 million more than the FY 2026 adopted budget of \$115.8 million. The increase is primarily the result of increased electric utility taxes and franchise fees offsetting otherwise flat or declining revenues.

The proposed budget and tentative millage rate will be presented for public comments in September at two public hearings, which will be held on Wednesday, September 9, 2026 and Wednesday, September 23, 2026 at 5:30 p.m.

Budget highlights are included in the agenda materials and on page CM-3 of the Proposed Budget book. In addition, the City Manager's budget message (beginning on page CM-1 of the budget book) explains in further detail the major changes as compared to the current year and major issues facing the City next year.

The FY 2027 Proposed Budget can be found on the City's website at the following address:
www.melbourneflorida.org/Government/budget



Staff will be providing a brief presentation, which will be followed by Council discussion of the Proposed Budget.

Fiscal/Budget Impact:

N/A

Requested Action:

Council Discussion

City of Melbourne FY 2027 Budget Highlights

- Balanced at the rolled-back millage rate of 6.8781 mills.
- \$7.2 million in capital machinery, equipment, and vehicles:
 - Public Safety – \$2M
 - General Government – \$380K
 - Transportation – \$712K
 - Parks, Golf & Recreation – \$475K
 - Stormwater Utility – \$47K
 - Water & Sewer – \$3.1M
- \$4.65 million for pavement management plan projects, which includes road resurfacing and reconstruction projects – funded with dedicated millage and LOGT.
- \$1.7 million for transportation and sidewalk projects – funded by LOGT, impact fees, and FDOT grants.
- \$2 million in capital projects within the Downtown CRA.
- \$123.7 million in Water and Sewer capital projects.
- \$3.5 million in Stormwater quality projects – funded with stormwater fees and environmental grants.
- 9% salary increases for members of the IAFF Collective Bargaining Units, as previously approved by City Council.
- Set-aside amount for salary increases for the PBA Collective Bargaining Unit, currently under negotiation.
- An increase to the wage scales for general (non-union) employees – 3% COLA.
- The addition of three positions funded by the Stormwater Utility for baffle box maintenance.
- The addition of an Assistant Mechanic position funded by the Golf Course Fund.
- The addition of two positions in Wastewater Collection Division funded by the Water & Sewer Fund.
- The elimination of summer camps, special events, and associated position.
- The elimination of 16 vacant positions within the General Fund.

General Projects Highlights

- Pavement Management Plan (funded by the newly established Pavement Management Program Fund and LOGT) – \$4.6 million
- Various Railroad Crossing Repairs (funded with LOGT) – \$400,000
- Wickham Road/Mariah Drive Turn Lane (funded with impact fees) – \$1.2 million
- Pineapple Pier Decking Replacement (funded by Legislative Appropriation) – \$150,000
- Fire Station Alerting System (funded by Legislative Appropriations) – \$300,000
- Stormwater Pipe Lining - Various Areas (funded with LOGT) – \$500,000

Special Revenue Projects Highlights

- Holmes Park Plaza Public Space (funded with Downtown CRA) – \$1.8 million
- Riverview Park Restroom Building (funded with CDBG) – \$245,000

City of Melbourne FY 2027 Budget Highlights (Continued)

Water & Sewer Projects Highlights

- Reverse Osmosis WTP Expansion (funded with Long-Term Debt) – \$86 million
- Class I Injection Well (funded with Long-Term Debt) – \$14.3 million
- Construct Wells #7, 8, & 9 (funded with Long-Term Debt) – \$5.5 million
- Reverse Osmosis Membrane Replacements (funded with Long-Term Debt) – \$4.7 million
- Backwash Ponds (funded with Long-Term Debt) – \$2 million
- Rehab Sanitary Sewer Manholes in Various Easements – \$1 million
- Rehab Sanitary Sewer Lines – \$1 million
- D.B. Lee WRF Process and Control Improvements (funded with Long-Term Debt) – \$1 million
- 12” HDPE Reclaimed Water Main on Florida Ave. (funded with Long-Term Debt) – \$1 million

Stormwater Utility Projects Highlights

- Stormwater Conveyance Inventory (continuance of existing program) – \$250,000
- Riverview Park Baffle Box (construction) – \$300,000
- Darrow Avenue Baffle Box (construction) – \$500,000
- Brown/Vassar Ditch Baffle Box & Hardening (engineering design) – \$150,000
- Line Street Cemetery Baffle Box (partially funded by FDEP grant) – \$1 million
- Melbourne Cemetery Baffle Boxes (partially funded by FDEP grant) – \$1.25 million



Melbourne City Council
July 29, 2026
City Manager's Item Report

Department:	Financial Services
Presenter:	Ross McGinn
Council District:	N/A
Reading Number:	N/A
Quasi-judicial Item (Disclosure Required):	No
Public Hearing:	No
Item Number:	A.4.

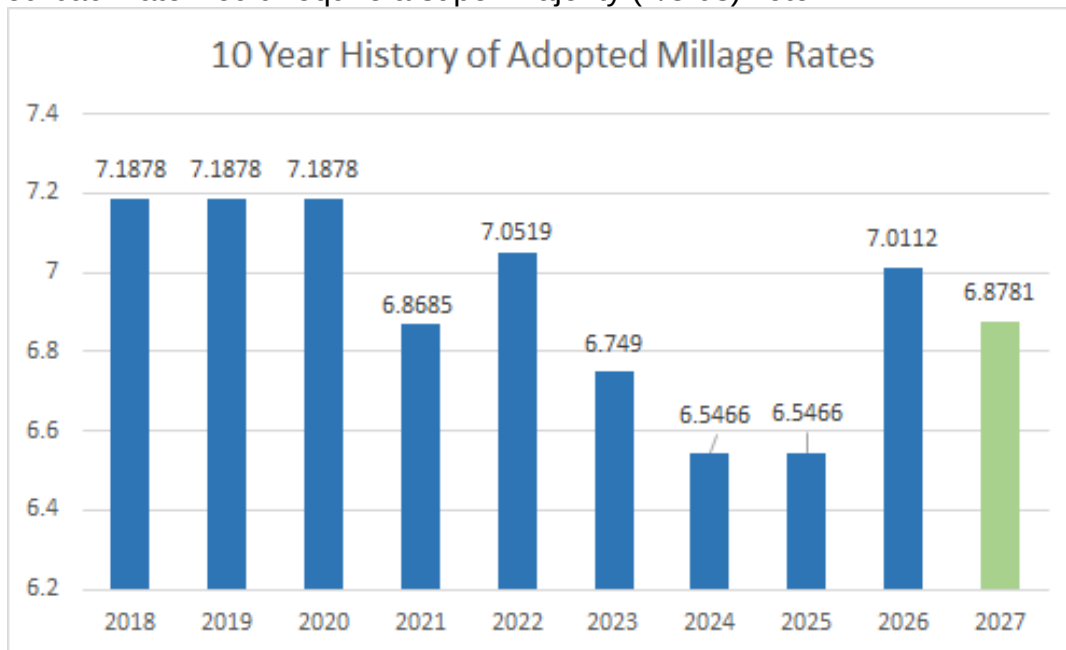
Subject:

Adoption of Proposed Operating Millage Rate and Proposed Debt Service Millage Rate

Background/Consideration:

City Council is required to set a proposed millage rate to transmit to the Property Appraiser for inclusion in the TRIM (Truth-in-Millage) notices that will be mailed to property owners in mid-August by the County.

The Fiscal Year 2027 Proposed Budget is based on the millage rate of 6.8781 mills, which is 1.9% below the current millage rate of 7.0112. The chart below provides a 10-year history of adopted millage rates, with the proposed rate for FY 2027 shown in green. The proposed millage rate will require a majority vote from City Council. In accordance with new legislation, any rate above the rolled-back rate would require a super-majority (2/3rds) vote.



The proposed rate adopted can be decreased at the September public hearings; however, it cannot be increased.



In addition, FY 2027 marks the fifth year of debt service on the 2022 General Obligation Bonds issued to fund the Joseph Pellicano Law Enforcement Center, as authorized by taxpayers via referendum in November 2018. As required by the covenants of the bond, a millage rate of .2977 is required in order to raise \$2.5 million in revenues to cover the maximum annual debt service of the bonds.

Fiscal/Budget Impact:

The proposed millage rates approved will be incorporated into the Truth-in-Millage notices that the Property Appraiser will mail to all Melbourne property owners in August. The first required public hearing for the FY 2027 budget will be held on September 9, 2026, when City Council will adopt a tentative millage rate, followed by adoption of the final budget and millage rate at the September 23, 2026 public hearing.

Requested Action:

1. Adoption of the proposed operating millage rate of 6.8781 for Fiscal Year 2027.
2. Adoption of the proposed debt service millage rate of 0.2977 for Fiscal Year 2027.