City of Pensacola

City Council Workshop

Agenda

City of Pensacola
222 W. Main Street
Pensacola, FL 32502

August 11, 2026, 9:00 AM **Hagler-Mason Conference Room, 2nd Floor**

The meeting can be watched via live stream at cityofpensacola.com/video.

ROLL CALL

SELECTION OF CHAIR

DETERMINATION OF PUBLIC INPUT

DISCUSSION

1. 26-868 DISCUSSION: FY27 PROPOSED BUDGET REVIEW

Recommendation: That City Council have a discussion related to the FY27 Proposed Budget.

Sponsors: Allison Patton, Council President

Attachments: *2027 Budget Workshop Schedule 7-31-2026*
2027 - Budget Workshop Presentation

ADJOURNMENT

If any person decides to appeal any decision made with respect to any matter considered at such meeting, he will need a record of the proceedings, and that for such purpose he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

The City of Pensacola adheres to the Americans with Disabilities Act and will make reasonable accommodations for access to City services, programs and activities. Please call 850-435-1606 (or TDD 850-435-1666) for further information. Request must be made at least 48 hours in advance of the event in order to allow the City time to provide the requested services.

City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 26-868	City Council	8/11/2026

DISCUSSION

SPONSOR: Allison Patton, Council President

SUBJECT:

DISCUSSION: FY27 PROPOSED BUDGET REVIEW

SUMMARY:

The City Charter, Section 4.01(a)(9), Mayor, provides, "To prepare and submit the annual budget and capital program to the City Council; Section 4.02(a)(2), City Council, provides, "To adopt the annual budget and all other appropriations necessary for efficient City government."

As part of this process, on July 31, 2026, the Mayor's Office released and presented a proposed budget for Council consideration. This discussion item allows an opportunity for City Council to hear from the Mayor, Council Staff, the Finance Director and Department Directors or their designees regarding the budget as a whole and/or their individual departments.

PRIOR ACTION:

July 31, 2026 -- FY27 Budget was released to City Council

FUNDING:

N/A

FINANCIAL IMPACT:

None

STAFF CONTACT:

Don Kraher, Council Executive
Yvette McLellan, Special Assistant to the Council Executive

ATTACHMENTS:

1. 2027 Budget Workshop Schedule 7-31-2026
2. 2027 - Budget Workshop Presentation

PRESENTATION: Yes

UPDATE II **CITY OF PENSACOLA**

FISCAL YEAR 2027 BUDGET WORKSHOP

August 11, 2026

Council Executive	9:00 – 9:05	Process
Mayor	9:05 – 9:30	Presentation of Budget
Council Exec. Assist.	9:30 – 10:00	Council Overview
Finance Director	10:00 – 10:30	Issues / Overview
Innovation & Technology Director	10:30 – 11:00	Innovation & Technology
Facilities & Fleet Director	11:00 – 11:30	Facilities & Fleet
Development Services Director	11:30 – 12:00	Development Services
Economic Dev. Director / CRA	12:00 – 12:30	Economic Development / CRA
Fire Chief	12:30 – 1:00	Fire Department
Public Works & Engineering Director	1:00 – 1:30	Public Works & Engineering
Police Chief	1:30 – 2:00	Police Department
Parks & Recreation Director	2:00 – 2:30	Parks & Recreation
Port Director	2:30 – 3:00	Port of Pensacola
Parking & Constituent Services Director	3:00 – 3:30	Parking & 311
Airport Director	3:30 – 4:00	Airport
Pensacola Energy & Sanitation Director	4:00 – 4:45	Pensacola Energy & Sanitation
Mayor / City Administrator	4:45 – 5:00	Final Remarks
Council Exec / Spec. Asst.	5:00 – 5:15	Office of City Council
	5:15 – Finish	Open Forum / Discussion

NOTE: This schedule should be viewed as tentative. As much or as little time will be spent in each segment as needed.

We will also be bringing in lunch to allow for a working lunch meeting.

FISCAL YEAR 2027

Proposed Budget

For the Year Ending September 30, 2027

THE CITY OF PENSACOLA

City of Pensacola, Florida
D.C. Reeves, Mayor

Fiscal Year 2027 Financial Overview

- **Total Budget - $332,065,300**
  - **A Decrease of $1.2 Million or -0.36%**
    - **Airport – Decreased $3 Million**
    - **CDBG/Section 8 Housing – Decreased $258,200**
    - **Gas Utility Fund – Decreased $1.6 Million**
    - **General Fund – Decreased $504,500**
    - **Insurance & Retention Fund – Increased $551,900**
    - **Local Option Gasoline Tax Fund – Increased $534,500**
    - **Local Option Sales Tax Fund – Increased $2.75 Million**
    - **Sanitation Fund – Decreased $173,800**
    - **Three TIF Funds & CRA Debt Fund – Increased $765,500**

Fiscal Year 2027 Financial Overview

- General Fund Revenue Increased $470,000 before the Transfer In From Pensacola Energy
- General Fund Transfer in From Pensacola Energy Decreasing $783,400 or 6.94%
  - Council Policy – Long-Term No More Than 15% Transferred From Pensacola Energy Revenues
    - FY 2026 Transfer is 17.50% or $11,283,400

Fiscal Year 2027 Financial Overview

- The FY 2027 Budget Provides for a 16.27% Transfer or $10.5 Million
- The understanding is that this $10.5 Million will remain constant for the future
  - This will provide for a consistent revenue steam that will allow for future planning for both the General Fund and Pensacola Energy.
- While this amount is greater than the 15% provided for in the policy, long-term, it represents 15.69% of Pensacola Energy Revenue.

Fiscal Year 2027 Financial Overview

- General Fund – Fund Balance Drawdown
  - Eighth Consecutive Year Of Fund Balance Drawdown
  - Fund Balance Drawdown reduced by $191,100 but projections indicate future years it will return to the $1.7 Million
  - Council Policy
    - "Recurring expenditures should be financed only with recurring revenues."
    - "General Fund's maximum amount of appropriated Beginning Fund Balance each fiscal year should be no more than 3 percent of budgeted revenues"
    - FY 2027 Proposed Beginning Fund Balance is 1.88%

Fiscal Year 2027 Financial Overview

- General Fund – Fund Balance Drawdown
  - At the end of FY 2025 there was $1,376,261 Available Unassigned Fund Balance
    - Of that amount $1,133,497 was drawn down on the Unencumbered Carryover Resolution leaving a balance of $242,764.
    - There still remains $5.1 million for future year fund balance drawdowns
      - $1.7 million for three years

Fiscal Year 2027 Financial Overview

- General Fund – Overall Decreasing $504,500
  - Of that amount approximately $3 million hasn't been eliminated, but rather shifted:
    - Parks & Recreation Expenditures - $1.9 Million
      - Shifting expenses for community center staffing & programming for those centers built with LOST dollars
    - Facilities & Fleet - $200,000 shifted to LOST
    - Non-Departmental - $500,000 Shifted to LOST
      - PEDC - $175,000
      - Florida West - $150,000
      - Gulf Coast Minority Chamber of Commerce - $50,000
      - ACE - $125,000
    - Public Works - $531,000 shifted to LOGT
    - Office of Mayor & Economic Development – Change in Cost Distribution of various positions between General Fund/CRA/Enterprise Funds

Fiscal Year 2027 Financial Overview

- **General Fund – Personnel Service Expenditures**
  - Increasing $53,800 or 0.09%
    - Fire Union Employees – Currently in Negotiations
    - Police Officers – 2% Increase (Year 3 of 3)
    - Police Sergeants – 3% Increase (Year 3 of 3)
    - Police Lieutenants– 3% Increase (Year 3 of 3)
    - Non-Union Employees – 1-2.5% Increase – Sliding Scale Based On Salary
    - Pension Costs have increased $197,100 in the General Fund
    - Economic Development, Office of Mayor, Parks & Recreation & Public Works Expenses have been shifted to CRA/LOGT/LOST/Enterprise Funds.

Fiscal Year 2027 Financial Overview

- **General Fund – Ongoing Operating Expenditures**
  - **Decreasing $180,700 or -1.05%**
    - **Fuels & Lubricants Increasing $101,700**
    - **City Hall Security Costs Increasing $115,000**
    - **Maintenance & Repair of Vehicles Increasing $145,500**
    - **Economic Development, Parks & Recreation & Public Works Expenses have been shifted to CRA/LOGT/LOST.**

Fiscal Year 2026 Financial Overview

- No Millage Rate Increase
  - Additional $1.148 Million in Property Tax Revenue
    - After increased contribution to the three TIFs the net increase is $743,200
- One Mil = $6.85 Million (Net After TIFs - $6.5 Million)
- TIF Valuation Increases
  - Urban Core – 8.25 % ($713,500 Additional City/County TIF Revenue)
  - Eastside – 10.73% ($52,000 Additional City/County TIF Revenue)
  - Westside – 11.34% ($259,300 Additional City/County TIF Revenue)

Fiscal Year 2026 Financial Overview

- City Council Reserves
  - Current Balance - $16,139,820
  - City Council Policy is a minimum of 20% of General Fund Appropriations
    - FY 2025 – 18.50%
      - An additional $1,187,595.29 was added at the end of Fiscal Year 2024
        - $572,435.01 was from General Fund Interest Income
        - $615,524.28 was from a shift from the available fund balance in the General Fund.
    - FY 2026 – 18.97%
      - An additional $845,240 was added at the end of Fiscal Year 2025 to bring it to the 20% required minimum
    - FY 2027 – 20.13%
      - No additional reserve will be required to be added at the end of Fiscal Year 2026.

Fiscal Year 2026 Financial Overview

- **Pensacola Energy – No increase Proposed in FY 2027 Budget**
  - **There was mention in the budget message that a future discussion of the rates is needed.**
- **Sanitation FY27 CPI increase based on Proposed Ordinance No. 7-25**
  - **Proposed Ordinance No. 7-25 established rate increases each year up to FY 2027**
    - **10/01/26**
      - **Residential Rates Increasing $1.77**
      - **Commercial Rates Increasing $3.54**
    - **10/01/27**
      - **Residential Rates Increasing $0.79**
      - **Commercial Rates Increasing $1.58**

Fiscal Year 2026 Financial Overview

- **Sanitation (Continued)**
  - FY 2024 Ending Reserves were at $434,896.25 or 5.06%
  - FY 2025 Ending Reserves were at a negative ($58,166.01) or -0.59%
    - City Council Policy requires a minimum reserve of 15% which would equate to $1,472,910
    - The budget provides for no drawdown of fund balance for fiscal years 2027, 2028 and 2029.
    - Revenue is anticipated to decrease by $173,800 and is mostly seen in Recycling Fees (Reducing $2,742,500) and is offset by increases in other areas such as Residential (up $2,157,200) followed by Business Refuse Containers (Up $248,000).
    - Previously it was reported that 40% of the customers would need to participate in either the recycling program or a second can.
      - Currently that level is at 25%

Capital Improvement Plan

- Fiscal Year 2027 Stormwater Capital Projects
  - $2,598,300 (Capital Improvement Tab - Page 3 – NOTE: This year page numbers restart at each section)
- Fiscal Year 2027 Local Option Sales Tax IV Plan
  - $5,440,100 (Capital Improvement Tab – Pages 11-17)
  - LOST IV Expires December 31, 2028
    - Escambia County has indicated it will be on the November 2026 ballot.
  - This Year is the First Year Revenues Have Been Adjusted
    - To accommodate for the shifting of expenditures from General Fund
    - FY 2027 Estimate In Line with Prior Year Revenues Received
  - Remaining Debt Service Expenses from FY 2027 – FY 2029 is $7.9 Million

FY 2027 Proposed Budget

- **Future Dates**
  - **Wednesday, September 9, 2026 – First Public Hearing**
  - **Wednesday, September 16, 2026 – Final Public Hearing**

FISCAL YEAR 2027

Proposed Budget

For the Year Ending September 30, 2027

THE CITY OF
PENSACOLA

City of Pensacola, Florida
D.C. Reeves, Mayor