

FY2027 Budget Discussion

Town of Melbourne Beach, Florida

Town Commission Workshop • May 12, 2026

Presented by Town Manager A. Marie Smith

Fiscal Year: October 1, 2026 – September 30, 2027

The Budget Triple Constraint

Every budget decision involves trade-offs between three interconnected constraints (“Triple Constraint”)



Scope

What We Deliver

Services, infrastructure, staffing levels, and programs the town provides to residents



Cost

What It Takes

Millage rates, fees, assessments, and total expenditures required to fund the scope



Time

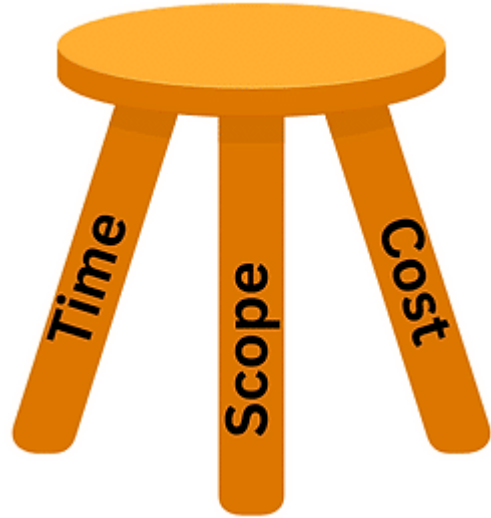
When It Happens

The fiscal year timeline, phased implementation, and urgency of competing priorities

Trade-Offs in Quality, Cost and Timing

The Core Trade-Off Scenarios

- **Fast + Cheap = Lower Quality:** If you need something done quickly and on a tight budget, you must accept a drop in quality or reduced features.
- **Fast + High Quality = Expensive:** To get a top-tier result delivered in a short amount of time, you will need to spend extra money (e.g., paying for overtime or premium expedited materials).
- **Cheap + High Quality = Slower:** If you want a high-quality outcome on a limited budget, you will have to give the project ample time to be completed.



FY2026 General Budget Snapshot

\$5.29M

Total Budget

General Fund + Building



\$2.5M

Reserves

Reserve account balance

4.60

Millage Rate

Fiscal Year 2026 Rate

Revenue Sources (FY2026)

Source	Amount
Ad Valorem Taxes	\$3,072,397
Licenses & Permits	\$263,450
Intergovernmental	\$339,400
All Other Revenue/Taxes	\$1,618,273
Total	\$5,293,520

Infrastructure Improvements

Road Paving & Repairs

FY26: \$52,000

Down from \$115,000 in previous years (FY23)
Road repaving costs and long-term paving schedule need review

Public Works

Town Hall repairs, Fire Station renovations and park equipment also under consideration. These include

- Updating the elevator
- **Impending Roof Repairs** to town hall/ Ryckman bathrooms
- Playground equipment in Ryckman Park
- Other equipment – pump, etc.

Five-Year Capital Plan

Town Ordinance Sect. 15-4 requires a capital improvement program listing projects of \$10,000+ with a useful life of 5+ years

Discussion needed on:

- Updated Comprehensive Plan
- Prioritization of road segments
- Town Hall structural needs
- Fire station renovations
- Park equipment improvements
- Ocean Park pavilion replacement
- Stormwater basin improvements

A Infrastructure “Surprises”



Emergency repair: Road collapse at 6th and Oak Street last week due to corroding metal pipe.



Stormwater Improvements

Current Status

Basin 10 Analysis

- Engineering study identified localized road and driveway flooding during 5-year storm
- Upsize main trunk line on Oak Street, add inlets upstream, and TVing targeted pipes

Manatee protection devices

Required to put grate/bollards on certain outflow pipes

Consider Stormwater Master Plan Update

The last review of the stormwater plan was conducted in 2014, twelve years ago. Other town areas are facing stormwater issues too.

FY2027 Funding Discussion

Key Questions:

- What level of stormwater funding is sustainable year-over-year?
- Should stormwater assessments be collected via non-ad valorem method?
- How do we prioritize basin improvements across town?
- Should we update our swale/ exfiltration program for the town and look for grants?

Town Resolution 2026-02 preserves the uniform method for collecting non-ad valorem assessments for FY2027



Firefighter Funding

Background

- Volunteer Fire Model declining – less volunteers/ not always available for calls (aging population, other work, etc.)
- 3 paid fire officer positions created in FY26
- Fire Control budget increased to \$734,738 in FY26 (from \$407,970 in FY25)
- SAFER grant affirmed by Commission (3-2 vote) to help offset staffing costs was not received — **need long-term funding plan.**
- New dispatch contract combines police and fire under the county

FY2027 Funding Options

Non-Ad Valorem Assessment

Dedicated funding stream for fire services, collected on tax bill

Ad Valorem (Millage Increase)

Raise millage rate to cover growing fire department costs

Hybrid Model (Continuing)

Combine paid staff with volunteers to manage costs while improving response times

Rising Health Insurance Costs



Health Insurance

Florida premiums rising 20% in 2026

Enhanced ACA premium tax credits expired, driving double-digit increases across the state

Impact on Town:

- Employee health insurance costs will rise significantly in FY27
- Need to evaluate plan options and employer contribution levels
- Considering pooled purchasing or consortium options with other small municipalities

Examples of health insurance constraints

- Employee goes to Urgent Care for sinus infection: copay is \$90 (without insurance is \$100)
- Before a surgery, employee must have urinalysis done at hospital instead of third-party lab: copay is \$220 (considered out of network, although hospital was in network)
- Insurance is based on age of individual employees and family members (thus automatically goes up per year as person ages: some employees with children pay almost **\$700 PER PAYCHECK, higher than raise.**

Building Department



Building Department Fees

FY26 Building Dept Budget: \$233,204

Fee Schedule Review:

- Current fee schedule adopted via Town Resolution 2024-04
- Fees should reflect actual cost of services provided (HB399)
- No building permits needed for single residential work under \$7500. (HB803)
- Benchmark against comparable Brevard County municipalities

New state legislation signed into law (HB 399 & HB 803) puts limits on permit fees.

Sample Building Department Fees

Inspections:

- Residential: 125. - 150. Per inspection
- Commercial: 150. - 175. Per Inspection
- Partial inspections are to be assessed as another inspection. Failed inspections are to be assessed as another inspection.
- Put “teeth” in Stop Work Orders

Goal: Ensure the building fund is self-sustaining without subsidization from the general fund.



Additional Services Under Consideration



Grant Writer

Dedicated resource to pursue federal and state grants (FEMA, SAFER, FDOT). Could offset capital costs and reduce millage pressure.



Finance Advisor

Professional financial guidance for reserve management, non-ad valorem, bond financing and debt structuring.



Non-Ad Valorem Fees

Dedicated assessments for specific services (fire, stormwater) collected on the tax bill. Provides stable, earmarked revenue independent of property values.



Stormwater Plan Update

Last updated 2014. Plan should encompass capital improvements while also addressing Indian River conservation to be eligible for grants.

Budget Calendar & Next Steps

MAY

Budget workshops and priority discussions

JUNE

Certifications of taxable value by Property Appraiser (June 30)

JULY

Draft budget presented; set proposed millage rate; approve stormwater assessment

AUG

Property Appraiser mails TRIM notices to homeowners

SEPT

First and second public hearings; adopt final millage rate and budget

OCT 1

FY2027 begins; submit TRIM compliance package within 30 days

Town Manager Challenge: Each department head to identify 10% reduction, savings, or efficiency for FY27

Commission Discussion

Key Decisions for FY2027

- Need to update Comprehensive Plan and/or produce amendments?
- Do we want to have a Stormwater Management Plan or do work as needed/ funded?
- What level of stormwater and infrastructure funding should be prioritized? Do we just increase maintenance fee and/or create capital financing stream?
- How should firefighter positions be funded long-term (non-ad valorem vs. millage)?
- Should the town invest in a grant writer and/or non-ad valorem finance advisor?
- What is the acceptable millage rate range for FY2027?
- Any other PRIORITY FUNDING needed?