City of Delray Beach

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Minutes - Draft

Tuesday, June 9, 2026

3:30 PM

Workshop Meeting 3:30 PM

Delray Beach City Hall or Watch on YouTube:
https://www.youtube.com/@cityofdelraybeachfl/streams

City Commission

Mayor Thomas F. Carney, Jr.
Vice Mayor Angela Burns
Deputy Vice Mayor Tom Markert
Commissioner Judy Mollica
Commissioner Juli Casale

Pursuant to Section 3.12 of the Charter of the City of Delray Beach, the Mayor has instructed me to announce a Workshop Meeting of the City Commission to be held for the following purposes:

The June 9, 2026 Workshop Meeting was called to order at 3:40 p.m. Patrice Harris, Deputy City Clerk, called the roll and the following were present:

Present: 5 - Mayor Thomas F. Carney, Jr., Vice Mayor Angela Burns, Deputy Vice Mayor Tom Markert, Commissioner Juli Casale and Commissioner Judy Mollica

Others present were:
Terrence Moore, City Manager
Lynn Gelin, City Attorney
Patrice Harris, Deputy City Clerk

WS.1. PUBLIC COMMENTS

Mayor Carney opened the floor to anyone who wished to provide public comments. Seeing none, he closed public comments.

WS.2. FISCAL YEAR 2026-2027 PROPOSED BUDGET SCENARIO ANALYSIS.

Sponsors: City Manager Department

Mr. Moore stated this workshop provided a proposed budget scenario analysis ahead of next month’s formal FY 2026-2027 balanced budget recommendations, allowing the City Commission to review analysis and data as a “metric exercise” on millage rate considerations, economic activity, and prior modified budget process data from April to set expectations for a productive budget process. He also referenced discussion of Municipal Service Tax Units (MSTUs), indicated related analysis would be presented, and stated CFO Henry Dachowitz would lead the presentation on fund balance scenarios, millage policy, and departmental considerations.

Mr. Dachowitz presented the most likely 2027 budget, which was developed through a zero-based budget exercise evaluating minimum departmental needs, a most likely scenario, and an increased level of service scenario. He stated the proposed budget reflected the most likely scenario and incorporated select increased level of service items approved by the City Manager. He reported property tax revenue is projected to increase from \$132.3 million to \$140.4 million, a 6.2% increase based on an estimated 6.9% rise in taxable values with no millage rate increase. Judgments, fines, and forfeitures were projected to decrease from $1.2 million to $721,000 thousand, due to reductions in parking tickets, late fees, and school crossing guard revenues, while other sources decreased due to the exclusion of a fund balance drawdown in the most likely budget. He reviewed expenditure increases for Police from $56 million to $62.8 million due to contractual obligations and certifications; Fire, is conservatively budgeted in anticipation of union negotiations; Fleet expenses are increasing due to higher fuel and petroleum-related costs; and miscellaneous transfers, which increased by $5.7 million driven by higher real estate revenue resulting in increased required payments to the Community Redevelopment Agency (CRA) under existing formulas.

Mr. Dachowitz stated that the most likely 2027 budget was also reviewed in relation to Vision 2035 and related goal-setting initiatives. The budget incorporated recently approved Cost of Living Adjustments (COLAs) for employees and retirees, as well as limited enhanced service items in areas such as economic development, education, environment, historical preservation, and strategic development. He noted that potential funding sources may be available through designated reserves, though these are separate from the general fund. His presentation compared the adopted balanced budget with the proposed 2027 most likely budget, which refleced increased revenues driven primarily by property value growth, partially offset by required CRA contributions. He identified the need to address the remaining gap between projected revenues and expenditures through a combination of operational efficiencies, potential use of fund balance within policy limits, and consideration of adjustments to revenue assumptions. Alternative scenarios were also presented, including potential millage rate adjustments and revisions to fund balance policy assumptions. These options would reduce the level of required efficiencies by increasing available revenues and/or adjusting reserve utilization, while maintaining compliance with financial policy targets. The fund balance was reduced to 16.12%, generating $11 million, resulting in an overall increase in revenue of $22 million. Combined with the baseline, total revenues increase from $202 million to $224 million, reducing the required expense efficiencies to $5.2 million. Mr. Dachowitz noted that several options were presented to demonstrate how different alternatives either generate revenues or reduce expenses in order to achieve a balanced budget. He asked the Commission if they had any questions.

Commissioner Casale expressed concern that maintaining the 6.1611 millage rate would require finding $19.5 million beyond identified efficiencies, potentially impacting services such as street paving and park maintenance. She noted the Government Finance Officers Association's (GFOA) 16.75% fund balance is a baseline and should also account for the City's coastal risks and utility reserve requirements, cautioning against lowering the fund balance target to modify the budget.

Mr. Dachowitz continued the presentation. He noted the millage rate had been reduced over the past 10 years, including the 2025 rollback, and reviewed property tax and taxable value data, noting residential homesteads represent about one-third of taxable values. He also presented a projected 5% annual General Fund expense increase and noted proposed legislation would not allow police and fire rescue budgets to be diminished, leaving the remaining General Fund budget subject to reductions. He added, the proposed House Bill revenue reductions could require $12 million in efficiencies, or over 10% of the budget available for reductions, increasing to $17 million (about 15%) the following year. He stated these are not trivial reductions and would require very serious decisions if the legislation moves forward.

Mr. Moore provided an overview of the MSTU process, outlining the required ordinance, purpose and boundaries, financial analysis, Palm Beach County approval, interlocal agreement, millage rate, and budget adoption. He noted the process follows strict timelines and is typically initiated nine months before the fiscal year, stating that if legislation becomes effective, the City could begin exploring an MSTU during December/January for the FY 2027-2028 budget process. He emphasized that establishing an MSTU requires coordination with Palm Beach County and is not a simple budget line item.

Commissioner Casale suggested focusing on educating the public about the budget rather than establishing MSTUs. Mayor Carney did not share Commissioner Casale's view. He stated most municipalities are considering MSTUs and emphasized they provide greater transparency by allowing taxpayers to understand what they are paying for each service. He noted the City should be prepared to move forward if necessary following the November legislation. Commissioner Mollica emphasized the importance of educating the public about the rules and limitations of MSTUs. Mr. Moore outlined the strategy for educating the community.

Mr. Dachowitz continued and discussed the importance of cost accounting to understand fully loaded costs for various services and suggested offering services to smaller municipalities to generate revenue and improve efficiency. Commissioner Markert supported that idea. Mr. Moore emphasized the need to be prepared for various scenarios, including the potential impact of the proposed legislation.

Mr. Dachowitz and Mr. Moore expressed their commitment to working closely with the Commission to strike a balance between maintaining services and managing the budget.

Mr. Dachowitz thanked his finance team for their hard work and dedication.

There being no further business to discuss, Mayor Carney adjourned the Workshop Meeting at 4:42 p.m.