City of Delray Beach

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Minutes - Draft

Tuesday, July 14, 2026

3:30 PM

Budget Workshop Meeting at 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 July 14, 2026 Budget Workshop Meeting was called to order at 3:35 p.m. Alexis Givings, 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
Alexis Givings, City Clerk

WS.1. PUBLIC COMMENTS

Mayor Carney opened the floor to anyone who wished to provide public comments.

Paul Cannon, 33483
Mr. Cannon referred to Resolution No. 10326, which reinstated the Budget and Finance Review Board, and urged the City Commission to establish it promptly before forthcoming budget changes and the November referendum so it could review the budget, question its structure, and offer alternative funding opportunities before approval.

Seeing no one else, Mayor Carney closed public comments.

WS.2. FISCAL YEAR 2026 - 2027 PROPOSED BUDGET CONSIDERATIONS

Sponsors: City Manager Department

Mr. Moore stated that staff had engaged with the City Commission on numerous budget scenarios to maintain current service levels and that the presentation would review proposed budget econometrics and a tentative millage rate. He highlighted general fund expenditures, including increased personnel services, street maintenance, fuel costs, police and fire pension contributions, CRA tax increment financing payments, and decreased transfers to Neighborhood Services. He then invited Chief Financial Officer Henry Dachowitz to present historical and proposed operating millage rate considerations and related budget adjustments.

Mr. Dachowitz reviewed historical and proposed millage rate considerations, noting the rate decreased from 6.9611 mills in 2017 to 5.9063 mills in 2025 as taxable values increased to offset the tax burden on residents while the Municipal Cost Index (MCI) and City expenditures rose due to labor, contracts, and inflationary costs. He explained the City had managed costs while lowering the millage rate but was now working to address ongoing operational pressures. He also reviewed the proposed FY 2026-2027 budget, including increased revenues, a proposed millage rate increase from 6.1611 mills to 6.4371 mills, and higher property tax revenues from increased taxable values and the proposed millage rate increase.

Mr. Dachowitz stated that Community Redevelopment Agency (CRA) payments and net property tax revenues would increase. He then reviewed the proposed $8.4 million fund balance drawdown reducing reserves to 18% which remained within the Government Finance Officers Association best practices. He explained that the additional property tax revenue and fund balance drawdown balanced the proposed $219.8 million General Fund budget. He also reviewed General Fund revenues and departmental expenditure increases, concluding the proposed budget was balanced. Commissioner Casale expressed concern about reducing reserves below 20% and suggested using other methods to balance the budget.

Mr. Moore highlighted proposed resource commitments supporting the Vision 2035 key focus areas, including continued funding for GRIP to support the next step of marketing opportunities, federal and state lobbyist representatives, an additional lifeguard position, a Fire Rescue Special Services Manager through reorganization, additional planning resources in Development Services with only a portion of the cost supported by the General Fund due to building fund-related activities, and staffing adjustments in Parks and Recreation and the Creative Arts School.

Mr. Moore stated that the proposed millage rate of 6.4371 maintained the current levels of service while striking the balance discussed during the afternoon presentation. He reviewed the estimated impact on the average Delray Beach resident, noting the proposed adjustment averaged about $28.52 per month, and highlighted that no millage rate adjustments had occurred over the last 10 years, along with the rollback from two years prior, which had impacted the City's fund balance position. He discussed the MCI, describing it as synonymous with the municipal rate of inflation, and stated that municipal inflation exceeded available revenue offsets. He stated that maintaining a stable millage rate allowed increases in property values and revenues to support fund balance growth and offset inflationary pressures and other municipal commitments.He reviewed the fund balance policies of several municipalities, noting that the benchmarking information had recently been provided by the City Auditor and was included for transparency. He advised that an 18% unassigned General Fund balance target was reasonable, based on benchmarking and the City's overall position. He asked Mr. Dachowitz to provide an overview of property tax and homestead exemptions as of June 2026.

Mr. Dachowitz presented an analysis of property tax and homestead exemptions, explaining that taxable value, after exemptions, was used with the millage rate to determine real estate revenue. He reviewed taxable value by property type, noting that homestead properties represented about one-third of the City's total taxable value. He summarized FY 2027-28 and FY 2028-29 projections, explaining that if the November referendum passed, proposed legislation would reduce ad valorem revenue by an estimated $7.35 million in the first year and $12.77 million in the second year, prohibit reductions to Police and Fire and Rescue budgets, limit General Fund budget flexibility, and create increasing budget challenges as the homestead exemption expanded each year.

Mr. Moore discussed the potential implementation of fire emergency medical service (EMS) fees and the other fee-based revenue streams to mitigate revenue loss. Commissioner Mollica asks about the time frame for implementing new fees, and Mr. Moore stated that he would be initiating administrative consultancy services and educational efforts. Commissioner Casale requested clarification on the budget levels of service and resident impacts. Mr. Moore committed to providing updated information within the next few days. Vice Mayor Burns asked about improvements residents can expect from the additional funds. Mr. Moore stated the additional funds would support continuation of major projects and maintain levels of service without compromising City work.

Mr. Moore stated that the proposed budget and tentative millage rate review had been substantially accomplished during the workshop. He outlined the next steps in the budget process, including the submission of a tentative millage rate and the preparation for the first public hearing. He outlined the City's communications plan for the property tax referendum consideration, including educational materials and public outreach. He stated that the effort would continue through early November to address resident questions.

Mayor Carney suggested considering signage similar to the County’s approach to educate residents that parks and other City services are funded by property taxes. He emphasized the importance of informational outreach while ensuring it remains non-promotional. Additionally, he stated reserve requirements should be based on each municipality’s circumstances rather than a fixed percentage. He noted that the City’s resources can be redeployed during emergencies, and the City’s increasing property values and ability to raise revenue provide flexibility.

Vice Mayor Markert expressed concerns about reducing reserves, noting their importance for interest income, bond ratings, major projects, and emergency preparedness given uncertainty regarding future FEMA assistance.

Mr. Dachowitz added that referendum funding for public safety and parks allowed the City to borrow and spread project costs over 30 years, benefiting residents through completed capital projects. He emphasized the importance of accessing the bond market, noting the City's audited financials looked good, the City remained conservative, and the capital projects would be presented with the Capital Improvement Program (CIP).

There being no further business to discuss, Mayor Carney adjourned the Budget Workshop Meeting at 4:52 p.m.