FY27 Budget Workshop

July 23, 2026

Welcome & Introduction

Shawn Sherrouse, City Manager

FY27 BUDGET WORKSHOP AGENDA

- Welcome & Introduction
- Enterprise & Special Revenue Funds Update
- Budget Recommendations
- Personnel and Non-Personnel Recommendations
- Commission Discussion & Break
- General Fund Forecast & FY27 Day's Cash Estimate
- Maximum Millage Discussion & Authorization
- Commission Discussion & Break
- Proposed Property Tax Legislation & Financial Impact
- Proposed Property Tax Legislation Discussion
- Budget Adoption Hearing Dates

Enterprise and Special Revenue Funds Update

Mike Brossart, Finance Director

FY27 Enterprise and Special Revenue Funds - Update

Lakeland Electric

- Completed a rate study to set the base rates for the next four years from FY27 through FY30.
- Base rate increases of 3.75% per annum for the next four years as of October 1, 2026, through October 1, 2029.
- Budgeted load grows by 1.23% for FY27, reflecting continued customer growth (Budgeted at 1.25% for FY26).

FY27 Enterprise and Special Revenue Funds - Update

Lakeland Electric

- Budgeted operations and maintenance expenses for FY27 increase by 3.39%.
- Days cash for FY26 forecasted to be 206 days at the end of the fiscal year.
- Days cash for an AA rating is between 150 days to 250 days, with not less than 180 days being preferred.

  ❖ LE Budget Presentation at Utility Committee Meeting - July 31, 2026.

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FY27 Enterprise and Special Revenue Funds - Update

Water Utilities

Rate Plan

- Revenues and expenses are as forecasted.
- Water Utilities is currently in year 2 of an adopted 3-year rate plan.
- No recommended changes to the adopted resolution are proposed.

Description	FY25	FY26	FY27
Water System	2%	2%	2%
Wastewater System	5%	5%	5%

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FY27 Enterprise and Special Revenue Funds - Update

Water Utilities

Future Impacts

- Recent changes in FL law eliminates outside city surcharges by July 1, 2027.
- Polk Regional Water Cooperative (PRWC) costs.
- Funding wastewater plant and infrastructure improvements.

❖ September 18, 2026, Water Utilities Revenue Sufficiency Workshop.

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FY27 Enterprise and Special Revenue Funds - Update

Solid Waste

- Tipping fees at the Polk County landfill are increasing 5% beginning October 1, 2026.
- No City of Lakeland rate increases are proposed for FY27.
- Solid Waste has experienced a reduction in recycling and processing fees and savings in yard trash through the utilization of a new local yard processing waste facility.

FY 2026 Residential Single Family Rates

Automated Trash Collection:
- 35 gallon - $17.08
- 65 gallon - $18.34
- 95 gallon - $19.61

Automated Recycling Collection:
- 35 or 65 gallon - $3.60

Bulk Yard Waste/Junk Collection:
- In excess of four (4) free collections per year - $13.81 yd^3

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FY27 Enterprise and Special Revenue Funds - Update

Parking

- Orange Street Garage was sold reducing overall maintenance costs of the Parking Fund.

- Debt service for the Heritage Garage paid off resulting in an additional $140k in annual revenue to the Parking Fund.

- Parking Fund is anticipated to break-even.

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FY27 Enterprise and Special Revenue Funds - Update

Lakes and Stormwater

- A Stormwater Ordinance approved in April 2026 updates the rate structure and fee schedule to provide funding for the implementation of more than $50 million of needed stormwater infrastructure and resiliency improvements and surface water quality restoration project over the next 10-years. The Ordinance will be enacted January 1, 2027.
- The Lakes & Stormwater Division continues to aggressively seek funding opportunities through grant assistance programs and secured more than $1.8 million in grants from Florida Department of Environmental Protection and Florida Department of Emergency Management for surface water quality restoration and stormwater management planning.

FY27 Enterprise and Special Revenue Funds - Update

Airport

- One office space is vacant, but currently under negotiation. All remaining space is occupied, with tenants and users continuing to grow their operations.
- Due to rapid growth, capital projects are focused on capacity improvements including the new airport terminal and parallel runway. As a result, the airport is seeking alternative funding sources for those capital projects.
- Due to rapid growth, the Airport is proposing the following fee increases.

	Parking	Fuel Flowage
Current Rate	$9.00	$0.085
Proposed Rate	$14.00	$0.105

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FY27 Enterprise and Special Revenue Funds - Update

Dixieland, Downtown & Mid-Town CRAs

- All 3 CRAs maintain healthy surplus balances for the projects defined in each area. Both Midtown and Dixieland are scheduled to sunset at the end of FY32, with Downtown scheduled to sunset in FY34.

- All 3 CRAs have forthcoming plan updates which suggest extending their individual sunset dates.

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FY27 Budget Recommendations

Shawn Sherrouse, City Manager

FY27 Budget Recommendations

- 4.96% Property value growth in FY27 (final was 6.48% for FY26).
  - 5.00% in FY28.
  - 5.00% in FY29.

- 9.9% increase in Health Insurance for employees.
- 9.9% increase in Health Insurance for the City.

- General Employee Wage and Benefit Recommendations.
  - 2.00% ATB.
  - 2.50% or 3.00% Merit, per the City Pay Structure.
  - Wage Study nearing completion – will determine any needed market adjustments.

- Collective Bargaining Wages and Benefits per each CBA.

FY27 O&M Expense Growth

Target for Depts – 1.5% Operating expense growth (controllable costs).

<u>General Fund</u>

- There are 30 primary budget divisions within the General Fund.
- 2 divisions exceeded their Target.
  - Parks, Recreation, and Cultural Arts - $42,607 – increase in chemicals and fertilizer
  - Risk Management - $5,651 – increase in contractual price for firefighter physicals

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FY27 O&M Expense Growth (cont.)

Target for Depts – 1.5% Operating expense growth (controllable costs)

<u>Internal Service Fund</u>

- Department of Information Technology - $1,076,949 – Enterprise-wide software licenses, cloud subscriptions and contractual services.

<u>Enterprise Fund</u>

- Lakeland Electric Fund - $3,919,043 – Contractual services (Line Clearance/Tree Trimming) and MREP Maintenance.

FY27 Personnel & Non-Personnel Recommendations

Shawn Sherrouse, City Manager

Budget Summary

Lakeland Electric Overage	$3,919,043
Radios	$28,884,072
DoIT Overage & Required Technology	$4,581,121
Total Required Requests	**$37,384,236**
Total All Other Fund Requests*	$7,310,088*
Total Recommended All Other Fund Requests**	$1,391,894*
Total Not Recommended Fund Requests*	**$5,918,194**

*Total All Other Fund Requests Does Not Include Pickleball As Further Direction Is Needed.

**Total Recommended All Other Funds Requests Include $1,066,320 in Enterprise Funds, $260,333 in Internal Service Funds & $65,241 in General Funds.

Human Resources

Rob Hernandez, Deputy City Manager

FUND PRESENTED

General Fund

Human Resources

Total Recommended Add Requests	**$0**
Reclass HR Analyst to HR Assistant	$33,881
Total Recommended Savings Requests/Net Budget Impact	**$33,881**

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Parks Recreation & Cultural Arts

Bob Donahay, Director

FUND PRESENTED

General Fund

Parks, Recreation & Cultural Arts

Pickleball Facility in Holloway Park	$1,573,000
Lucity Application & Equipment	$59,590
Total Recommended Add Requests	**$1,632,590**
Seasonal Bus Driver & Bus Rental	$12,000
Total Recommended Savings Requests	**$12,000**
Net Budget Impact	**$1,620,590**

Public Works

Heath Frederick, Director

FUNDS PRESENTED

Facilities Maintenance | Solid Waste | Stormwater | Parking System

Public Works

Add Maintenance Mechanic II, Facilities	$153,614
Add Fire Suppression System Tech Starting Mid-Year, Facilities	$106,719
Add Solid Waste Driver II & Front Loader Truck	$208,753
Add 2 Solid Waste Collector Positions	$37,687
Slope Mower, Construction & Maintenance	$380,960
Total Recommended Add Requests/Net Budget Impact	**$887,733**

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Risk Management and Purchasing

Rob Hernandez, Deputy City Manager

FUND PRESENTED

General Fund

Risk Management & Purchasing

Annual Firefighter Physicals	$5,651
Total Recommended Add Requests	**$5,651**
Delete an Accounting Clerk 1 and Reclass an Accounting Clerk 1	$65,518
Total Recommended Savings Requests	**$65,518**
Net Budget Impact	**$59,867**

Water Utilities

Joe Costine, Director

FUNDS PRESENTED

Wastewater Utilities | Water Renewal And Replacement Fund

Water Utilities

Add 2 Water Pipefitter II Positions, Add I Utility Crew Truck	$262,562
Forklift	$87,300
Reclass Pumping Station Operator II to Pumping Station Operator III	$19,394
Total Recommended Add Requests/Net Budget Impact	**$369,256**

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Lakeland Electric

Korey Bush, Assistant General Manager
Willem Strauss, Assistant General Manager

FUND PRESENTED

Electric Utility Fund

Lakeland Electric

Operations & Maintenance Cost Increase by 1.5%	$3,919,043
Reclass Materials Claimer II to Apparatus Repairer 1st Class	$25,685
Add Temporary Contract Liaison Analyst Position for 6 Months	$16,349
Reclass Line Clearance Liaison to Lead Line Clearance Liaison	$15,652
Reclass Contract Liaison to Contract Analyst	$11,978
Total Recommended Add Requests	**$3,988,707**
Reclass Vacant Meter Reader to Meter Technician III	$36,984
Add Engineer IV	$33,633
Total Recommended Savings Requests	**$70,617**
Net Budget Impact	**$3,918,090**

Department of Information Technology

Oscar Torres, Director

FUND PRESENTED

Information Technology Fund | Enterprise Funds

Department of Information Technology

New Radios and Radio System Updates	$28,884,072
GIS Utility Network Upgrade	$3,177,000
O&M Budget Overage	$1,076,949
Cybersecurity	$183,000
Network Monitoring Tool	$74,358
GPS Equipment Replacement	$57,214
PDQ Connect	$12,600
Total Recommended Add Requests/Net Budget Impact	**$33,465,193**

Lakeland Police Department

Sammy Taylor, Chief
Hans Lehman, Assistant Chief

FUND PRESENTED

General Fund

PMF for AXON 10 Year Contract Rewrite

- **Original Contract is FY22 – FY 31.**
  - Starting Year 6 and currently funded at $1,075,453 per year for remainder.
- **Request is Approve new 10 Year Contract with pricing lock in under the AI ERA Plan – Early Adopters Program now no longer available.**
  - Cost is $21,983,139.93 over ten years.
- Includes what we have discussed:
  - **Early Adopter Bundle** (INLCUDES any new AI releases as tech continues to evolve.)
  - Taser, BWC, and In-Car Video Refresh with Warranty.
  - Drones as First Responders (DFR).
  - VR enhancements and more.

FUNDING for this Upgrade

- **$21,983,139 – TOTAL 10 Years.**
- **$10,754,530 -** remains $1,075,453 annually as it would for remaining 5 years of original contract.
- **$3,972,962.18** – one time payment from FDLE State reimbursable grant.
- **$ 855,000 -** one time payment from DHS for technology.
- **$6,400,647.75 – Remainder that funding is needed over 10 years.**

FUNDING for this Upgrade

- **$6,400,647.75** – Remainder that funding is needed over 10 years.

- **FY27 - $124,547 -** needed in Year 1 will be funded by 5% reduction in Overtime expenses gained by efficiencies with this technology.

- **FY28 – FY2036 - $697,344.53** additional needed each year.
  - Funded by reductions in our budget due to expected efficiencies from this technology and new fees that would offset the cost.

  - **<u>NO</u>** additional funding will be requested from the City Commission.

Breakdown of Funding for FY28 and beyond for PROJECT

- $105,908 – Elimination of 1 Public Safety Aide and Equipment .
- $ 21,000 – Elimination of second PSA vehicle equipment rental.
- $ 93,172 – Elimination of 1 Dispatcher position (Vacant).
- $ 10,000 – Eliminate Socrata (crime analytics software from Tyler).
- $ 13,000 – Reduction in outsourcing transcription services.
- $ 22,000 – Reduction in operating budget to fund this technology.
- $125,000 – Reduction continued in OT from FY27.
- $175,000 – School Zone Cameras to fund as Public Safety Initiative.
- $ 60,000 – $2 an hour Tech Fee on Extra-Duty Details.
- $ 80,000 – $50 Tech Fee added Investigative Cost Affidavit.
- $ 35,000 – Asset Forfeiture.

- **$740,080 - TOTAL**

Breakdown of Funding for FY28 and beyond for PROJECT

- **$697,345** – Needed each year for Year 2-10 of the new contract.

- **$740,080** – TOTAL Amount of Prior Slide.

- **<u>NO NEW </u>Money is requested.**

A Safer, Smarter, More Connected and Efficient Lakeland is Our Goal!

QUESTIONS

Commission Discussion & Break

FY27-29 General Fund Forecast

Mike Brossart, Finance Director

Day’s Cash Estimate as of 7/22/2026 (current millage)

GENERAL FUND BUDGET

5.4323 mills

	FY'26	FY'27	FY'28	FY'29
FY Starting Surplus	46,450,337	42,113,071	30,836,085	17,587,343
Budgeted revenues	170,928,326	179,237,404	184,775,855	190,522,759
Budgeted expenses	183,993,592	200,102,390	207,483,597	214,093,065
Budgeted Surplus Generated / (Used)	(13,065,266)	(20,864,986)	(22,707,742)	(23,570,306)
Budgeted Ending Surplus	33,385,071	21,248,085	8,128,343	(5,982,963)
Forecasted Revenue Savings	3,443,000	3,585,000	3,234,000	2,858,000
Forecasted Expense Savings	5,285,000	6,003,000	6,225,000	6,423,000
***NET Budgeted* Surplus Generated / (Used)**	**(4,337,266)**	**(11,276,986)**	**(13,248,742)**	**(14,289,306)**
Total GF Ending Surplus	42,113,071	30,836,085	17,587,343	3,298,037
Days Cash	85	57	31	6
Budget Adoption Projections	**79**	**64**	**46**	
Cost per day	**489,613**	**531,779**	**551,393**	**568,959**
Millage rate	**5.4323**	**5.4323**	**5.4323**	**5.4323**
% increase - property values	**6.84%**	**4.96%**	**5.00%**	**5.00%**
Additional (reduction in) revenue	**3,967,000**	**3,079,000**	**3,256,000**	**3,419,000**
Millage Increase (Decrease)		-	-	-

Day's Cash Estimate as of 7/22/2026 (current millage)

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5.4323 mills

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Budgeted expenses	183,993,592	197,235,390	204,616,597	212,677,065
Budgeted Surplus Generated / (Used)	(13,065,266)	(17,997,986)	(19,840,742)	(22,154,306)
Budgeted Ending Surplus	33,385,071	24,115,085	13,776,343	994,037
Forecasted Revenue Savings	3,443,000	3,585,000	3,234,000	2,858,000
Forecasted Expense Savings	5,285,000	5,917,000	6,138,000	6,380,000
***NET Budgeted* Surplus Generated / (Used)**	**(4,337,266)**	**(8,495,986)**	**(10,468,742)**	**(12,916,306)**
Total GF Ending Surplus	42,113,071	33,617,085	23,148,343	10,232,037
Days Cash	85	63	42	18
Budget Adoption Projections	**79**	**64**	**46**	
Cost per day	**489,613**	**524,160**	**543,777**	**565,197**
Millage rate	**5.4323**	**5.4323**	**5.4323**	**5.4323**
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Millage Increase (Decrease)		**-**	**-**	**-**

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Commission Discussion

FY27 Maximum Millage Discussion and Authorization

Shawn Sherrouse, City Manager
Mike Brossart, Finance Director

Millage Comparisons

	Operating Millage	Debt Millage	Total Millage
Population Peers			
West Palm Beach	8.1308	0.0580	8.1888
Hollywood	7.4293	0.5313	7.9606
Palm Bay	7.6993	0.0000	7.6993
Miami Gardens	6.9363	0.4331	7.3694
Miramar	7.1172	0.0000	7.1172
Gainesville	6.7297	0.0000	6.7297
Coral Springs	6.0232	0.1659	6.1891
Clearwater	5.8850	0.0000	5.8850
Davie	5.6250	0.1725	5.7975
Pompano Beach	5.2181	0.5000	5.7181
Lakeland	5.4323	0.0000	5.4323

	Total Millage
I-4 Cities	
Haines City	7.3395
Sanford	7.3250
Davenport	7.2500
Deltona	6.7500
Orlando	6.6500
Winter Haven	6.5900
St. Petersburg	6.4525
Tampa	6.2076
Deland	6.1841
Daytona Beach	5.9300
Plant City	5.7157
Lakeland	5.4323
Kissimmee	4.6253
Altamonte Springs	4.0000

	Total Millage
Polk County	
Highland Park	9.9759
Fort Meade	8.4403
Lake Wales	8.0462
Lake Hamilton	7.9900
Dundee	7.9000
Eagle Lake	7.6516
Haines City	7.3395
Davenport	7.2500
Lake Alfred	6.7500
Winter Haven	6.5900
Frostproof	6.5530
Mulberry	6.3900
Bartow	6.1080
Lakeland	5.4323
Polk City	5.2500
Auburndale	4.2515

	Total Millage
Electric Utilities	
Jacksonville	11.1919
Gainesville	6.7297
Orlando	6.6500
Tampa	6.2076
Lakeland	5.4323
Kissimmee	4.6253
Tallahassee	4.4072

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Taxable Values and Millage

- Gross taxable value is expected to increase 4.96% to $12.6b in FY27, per the 7/1/26 Property Appraiser's report.

- This will provide the General Fund approximately $913K in new construction revenues and $2.32m in increased taxable value revenues at the current millage rate of 5.4323.

- The rolled-back rate would be 5.2572 (Adj prior year ad valorem proceeds / adj current year taxable values *1,000).

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Millage Adoption

- It is our recommendation that the Commission authorize the Finance Director to advertise the City's maximum millage rate at 5.4323 for Fiscal Year 2027, which is the Fiscal Year 2026 millage rate.

- The Commission could decide to lower the millage prior to budget adoption without a requirement to formally notice the citizens. However, if the Commission chose to adopt a millage increase above what the Property Appraiser sends to our citizens in August, we would be required to re-notice all the citizens prior to adoption of that millage rate.

Millage Adoption – (continued)

- To adopt a 5.4323 millage rate, it will require a *super majority* vote of the Commission during the budget hearings on September 10th and 24th

Rolled-back Millage/Threshold for Simple Majority	Proposed Millage Rate	Millage Threshold for Super Majority
5.2572	5.4323	5.7829
Simple Majority Required	Super Majority Required	Super Majority Required

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Commission Discussion & Break

Proposed Property Legislation & Financial Impact

Mike Brossart, Finance Director

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Millage Increase (Decrease)		**-**	**-**	**-**

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Commission Discussion

Budget Adoption Hearings

Thursday, September 10, 2026
Thursday, September 24, 2026

6:00 PM City Commission Chambers