



AGENDA
Commission Work Session
Tuesday, April 14, 2026
Emergency Operations Center @ 4:00 p.m.

Page

A. PRESENTATIONS

- | | | |
|----|---|-------|
| 1. | Annual Audit Presentation For The Fiscal Year Ended On September, 30, 2025
Agenda Memo #26-109 - Pdf | 3 |
| 2. | Proposed FY 2027 - FY 2031 Capital Improvements Program (CIP)
Agenda Memo #26-103 - Pdf | 5 - 8 |

B. BOARD/COMMITTEE REPORTS:

Forward Pinellas – Vice Mayor Johnson
Suncoast League of Cities – Commissioner Smith
Pinellas Suncoast Transit Authority – Commissioner DiBrizzi
Tampa Bay Regional Planning Council – Mayor Brown

ITEMS FROM VICE MAYOR JOHNSON, COMMISSIONER SMITH, COMMISSIONER LAUSER, COMMISSIONER DIBRIZZI, COMMISSIONER HOLCK, COMMISSIONER HOLMES, MAYOR BROWN, CITY MANAGER CURP, ACTION ITEMS

Commission Work Session **AGENDA ITEM REPORT**



Meeting: Commission Work Session - 14 Apr 2026
Presenter: Rebecca Spuhler, Finance
Staff Contact: Rebecca Spuhler, Finance Director Ext. 7443 rspuhler@largo.com

TITLE

Annual Audit Presentation For The Fiscal Year Ended On September, 30, 2025

SUMMARY:

State Statutes and the City Charter require the City's annual financial statements to be audited by an independent audit firm selected by the City Commission. This requirement was fulfilled for FY 2025.

The City Commission appointed an Audit Committee comprised of the Chair - Vice Mayor Johnson and members - Commissioner Holck and Commissioner Holmes. The Audit Committee retained the services of Mr. John Houser, CPA, of Wells Houser and Schatzel, PA to serve as a financial expert, based on the Government Finance Officers Association's (GFOA) recommended best practices. OPB Director and Manager Kristina Messenger and Jared Campbell served as the staff liaisons.

The Audit Committee's main responsibilities are:

- To solicit, evaluate, and present recommendations to the City Commission on the external auditor selection
- To enhance communications with the auditors, including discussing any audit findings and recommendations

John Brielmaier, Partner and Amanda Elliott, Senior Manager with the City's external auditors, Carr Riggs & Ingram, LLC, and City staff will discuss the results of the annual audit and key financial information included in the City's Annual Comprehensive Financial Report (ACFR). The ACFR includes a separate section located near the front titled, Management's Discussion and Analysis (MD&A) which summarizes and discusses the City's key financial information for FY 2025. The Work Session presentation will also focus on the results of some key points included in the MD&A. The full FY 2025 report is available in the Financial Center on www.largo.com.

POTENTIAL MOTION / DIRECTION REQUESTED:

Informational Only

Commission Work Session

AGENDA ITEM REPORT



Meeting: Commission Work Session - 14 Apr 2026
Presenter: Jared Campbell, Administration
Staff Contact: Jared Campbell, Performance & Budget Manager jcampbell@largo.com

TITLE

Proposed FY 2027 - FY 2031 Capital Improvements Program (CIP)

SUMMARY:

Section 5.05 of the City Charter requires that the City Manager submit a proposed CIP for a five-year period no later than April 1 of each year, and that the City Commission adopt a CIP no later than the subsequent June 1. The CIP includes proposed capital projects costing at least \$250,000, as well as vehicle additions/replacements, significant maintenance programs, and large-scale software purchases. The applicable recurring impacts of these projects on the annual operating budget are also included, recognizing that during certain project lifecycles the ongoing operating costs can exceed the original capital costs. Projects included in the CIP are aligned with the City's Strategic Plan Initiatives. Projects over the five-year period total \$214,304,100.

Strategic Investments

Each year of planning, budgeting, and project execution yields additional momentum in realizing the goals outlined in the Strategic Plan. This year is no different, with a number of updates to the CIP that continue our progress and enhance our community.

Investing in Quality Infrastructure

Amid an environment of rising inflation and substantial capital improvement needs, the theme of the capital improvement plan has been 'taking care of what we have' - ensuring that we are maintaining and investing in our existing infrastructure. This plan demonstrates continued investment in wastewater and stormwater infrastructure, City facilities, and our vehicle fleet. We are focused on maintaining the high level of basic services that our community expects from its government.

Stormwater Investments

This CIP includes substantial investments in stormwater and drainage investments as a result of the multi-year rate increase plan funding a more robust repair, maintenance, and capital project schedule. Included in this CIP are new investments, including infrastructure improvements and rehabilitation at 2nd Ave NW & 5th St NW, Egret Drive, Donegan Road, and Avon Ridge Pond. In addition to these new projects, planned 'BMP', or Best Management Practice improvements, are planned for the Starkey Road Basin. Yellow Banks Grove, Woodbrook Ditch, Brookside Neighborhood, and Church Creek projects remain funded. Another \$4.67M for other pipe, ditch, and infrastructure repairs are available through the stormwater asset management funding project. This represents the most substantial investment in stormwater infrastructure in recent years and should yield meaningful improvements across the community.

Penny for Pinellas Investments

This CIP includes continued funding from the Penny for Pinellas Local Option Sales Tax for the ten-year period that began in January 2020. The City Commission supported allocating those funds to major community infrastructure needs, including pavement condition improvements, stormwater infrastructure, fire station replacements, and public safety vehicles. Proposed stormwater projects are included for funding in the five-year horizon of this capital plan. Penny funding is also contributing to ongoing neighborhood and community street paving projects as outlined in the Mobility Portfolio, some of which contain substantial stormwater improvements. Finally, the Penny continues to support the replacement of public safety vehicles for the Police and Fire Departments to ensure the City is equipped with modern and reliable vehicles to respond to community safety needs. Currently budgeted Penny for Pinellas funds in the Stormwater and Mobility categories are tracked to estimate our alignment with a planned \$3.5M/year allocation to roadways and \$1.4M/year allocated to stormwater improvements. The table below outlines the proposed CIP. Note: some mobility and/or stormwater projects have Penny for Pinellas funds programmed and address both roadway and stormwater issues, so the stormwater category is for stand-alone stormwater infrastructure investments.

Agenda Item #2.

Long Range Financial Plan Highlights

Revenues

Our philosophy is to project revenues as accurately as possible but with a conservative bias. If we err, we want to realize actual revenues in excess of projections rather than having to reduce budgets due to underperforming revenues. As a result, revenue projections across many of the City's funds remain consistent with those presented in the FY 2026 Adopted Budget, with a few notable changes outlined below.

General Fund

The capital planning process begins with an evaluation of fiscal year 2025 actual revenues (FY 2025); the six-month actual revenues of FY 2026; and our adjusted projections for the remainder of FY 2026. For purposes of developing the 2027 CIP, we are projecting an overall increase in General Fund revenues of 2.6% over FY 2026.

In the General Fund, revenue collections are supported primarily by stronger results in interest earnings, permits and fees, and several utility-related sources. While this near-term performance is encouraging, overall revenue growth across the five-year planning horizon remains relatively modest and continues to fall short of anticipated expenditure needs. The primary revenue sources in this fund include the Half-Cent Sales Tax, State Revenue Sharing, utility taxes and franchise fees, and user-fee-based revenues, each reflecting varying levels of stability and sensitivity to broader economic conditions.

Sales tax revenues are expected to remain below prior expectations following a period of slowed growth, while electric utility taxes and electric franchise fees are projected to outperform the current-year budget before moderating in subsequent years. A temporary decline in electric utility tax revenue is anticipated due to the conclusion of storm-related cost recovery efforts. State revenue sharing is expected to come in above current-year estimates, with more restrained growth assumed thereafter. Overall, revenue projections for most major General Fund sources remain conservative, reflecting continued economic uncertainty and the lingering fiscal impacts of hurricane recovery efforts.

We will continue to monitor these revenue trends as we await the 2026 property value estimates from the Pinellas County Property Appraiser. Early data suggests that the residential housing market has cooled due to the impact of high mortgage rates. Property values for the 2026 annual budget grew at 5.84%, which is below long-range financial projections for revenue growth. This was the lowest rate of growth since 2015 (5.42%), and it is unclear what the current year may yield. The Zillow home value index shows values declining roughly 1% in 2024 and 5% in 2025 for the region, indicating that value growth may be leveling out in the region over a 4-year period. Redevelopment activity continues to progress throughout our community, which helps to balance limited value growth on existing properties. The current General Fund projections include a 5% increase in property tax revenue, which can be generated through increased property values, new construction/annexation, or millage. Preliminary property value estimates will be released by the Property Appraiser on June 1 for annual budget planning purposes.

Enterprise Funds

The City has three enterprise funds: the Golf Course, Solid Waste and Wastewater Funds. An enterprise fund is a separate accounting and financial reporting methodology where revenues and expenditures are segregated into a fund with financial statements separate from all other governmental activities. The revenues generated are intended to fully support the business activities in these funds.

Golf Course Fund

The Golf Course traditionally has not programmed increases in user fees. In December 2021, the City Commission provided the policy direction to staff that the course should levy user fees commensurate with the operating and capital needs to keep the course operational. Current revenue projections include a combination of programming revenue increases and user fee increases to meet expenditure needs while maintaining a responsible fund balance. If current revenue trends continue, the course will have additional capacity to fund capital improvements during the five-year period. Hurricanes and closures in the fall of 2024 have affected revenue collections for FY 2025, but aside from the temporary disruption revenue collection remains strong for the year ahead and for the future.

Solid Waste Fund

Rate increases are projected in the Solid Waste Fund based on planned capital needs and projected increases in waste disposal or tipping fee costs from the Pinellas County landfill and waste-to-energy plant. In 2022, Pinellas County enacted a 6.8% tipping fee increase for FY 2023 and estimated 5%-7% increases over the future planning period. More recently, following updated projections from the Technical Management Committee (TMC) for Pinellas County Solid Waste, it is now forecasting an 8% tipping fee increase for at least the next 2 years ('27 & '28). Rate increases are forecast in the

Agenda Item #2.

Solid Waste Fund to help plan for potential revenue needs to accommodate tipping fees, rebuilding the storm debris reserve, and rebuilding fund balance for future capital-heavy years.

Wastewater Fund

Wastewater Fund revenues are largely driven by user fees charged to customers. Increases in those revenues in the 5-year projection period are a result of additional rate increases planned to support necessary capital investment and operating costs. Following a multi-year rate increase plan, the City increased rates by 15% in FY 2025 and 5% in FY 2026. These increases supported ongoing operating costs, debt service, and major capital needs. Pre-existing and future regulatory obligations, debt for long-term capital investments, and continued infrastructure maintenance mean that rates for this fund will require some level of annual increase to support those expenditures. Currently, the City is undertaking 4 separate studies/evaluations to both prioritize infrastructure management and mitigate impacts to community assets from hazards while providing the minimum financial burden. These studies/evaluations include 1) the Biosolids Roadmap Study, 2) the Sanitary Sewer Evaluation Survey (SESS), 3) the Flood and Storm Surge Resiliency Evaluation, and 4) a Utility Rate Study. Preliminary assessments indicate the need for sizable future expenditures spanning the FY 2028-2037 period in the areas of Collections, Reclaimed Water, and Treatment. Additional detail and has been provided in the Wastewater Projects Portfolio section of this document. Rate increases to address the findings of these evaluation measures and future regulatory obligations relating to issues such as per- and polyfluoroalkyl substances (PFAS), pharmaceuticals, and microplastics will be revisited each year during the CIP development process.

The City has also utilized a combination of grant funding and strategic debt issuances to smooth the cost of major capital projects over time and lessen the annual impact on ratepayers. In December 2025, the City received a reimbursable State Revolving Fund (SRF) Loan to support the Wastewater Reclamation Facility Non-Surface Water Effluent Disposal and Clean Water Act No. 1 Priority Lift Station Service Area Inflow & Infiltration (I&I) Abatement projects in the amount of \$19.1M. Due to the elimination of programmed debt payments originally associated with these projects, the City proposes to no longer pursue a 5% increase in rates for FY 2027. This reimbursable loan lessens the potential debt burden necessary to complete recent and upcoming capital projects and represents a successful collaboration between City departments and intergovernmental funding partners.

Special Revenue Funds

County Gas Tax

Revenue in the County Gas Tax Fund has returned to pre-pandemic levels of approximately \$1M annually. Unfortunately, the revenue growth potential in this fund is limited because the tax is collected based on the number of gallons of fuel sold. Due to a greater prevalence of fuel efficient and alternative fuel/electric vehicles and a greater prevalence of remote work, this revenue has grown minimally. Because revenue growth has not kept up with road-related construction costs, this revenue source has become a smaller relative portion of roadway maintenance dollars. This is a county-wide issue and we expect further conversations and solutions to be led by Pinellas County, including revisiting a possible fuel tax increase, as permitted by state statute.

Local Option Sales Tax - Penny for Pinellas

Penny for Pinellas Sales Tax revenue growth is slowing. FY 2026 revenues are estimated to come in approximately 2% lower than budgeted, with 2-3% growth estimates for the remainder of the current decade's Penny for Pinellas Local Option Sales Tax. While revenue estimates do not reflect a recession, the conservative growth assumptions used should allow for slight upward adjustments rather than unexpected decreases. Revenue growth in this fund continues to be vitally important to funding capital projects, as the costs of vehicles and construction remain high.

Stormwater Fund

The Stormwater Fund projections continue to reflect the commitment to building the recurring capital funding to ~\$7M annually to address a backlog of major pipe and other infrastructure replacements needed to mitigate the impacts of flooding and preserve water quality in our community. These needs were identified as part of a comprehensive asset and service-level analysis that identified millions of dollars of unmet needs. Priorities from that study were included in the FY 2023 CIP planning process. This requires the City to stagger some operating cost increases earlier in the CIP while accounting for a larger recurring budget for capital and continuing operations. FY 2026 was the first year of this planned additional capital funding. Significant additional capital expenditures and the multi-year rate increase strategy will yield new planned investments in stormwater infrastructure over the next 5 years as a result of the new recurring funding.

Rate/Revenue Increase Summary Table

FUND	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
General	5% Revenue	6% Revenue	6% Revenue	7% Revenue	7% Revenue

Agenda Item #2.

Solid Waste	5%	2%	2%	2%	2%
Stormwater	15%	0%	0%	0%	0%
Wastewater	0%	5%	5%	5%	5%

Expenditures

Operating Expenditures

The CIP process focuses mainly on projecting the City's capital needs for the five-year planning period. The plan uses expenditure assumptions previously included in the current year adopted budget for the forecast years. Personnel costs in FY 2026 increased beyond earlier projections due to merit increases for non-represented employees and contract negotiations with the CWA and IAFF Supervisory groups. For FY 2027, the PBA position classifications are concluding their current contract term. Any market adjustment costs that may result are not yet reflected but will be incorporated into the next financial plan update as part of the operating budget process. Operating expenditures fluctuate but remain low-growth across the 5-year planning period.

Fund Balances

When formulating recommended tax, utility rate, and user fee changes, a key focus of analysis is the ending available fund balance. In order to sustain service levels, keep up with the growing cost of providing services, and ensure that reserves can weather unexpected situations, the City plans for tax, user fee, and utility rate increases over a five-year period. A table with projected rate increases is located above, along with a discussion of why the revenues are required. With projected revenue and expenditure increases/decreases factored in, fund balance levels across the City remain on target within the five-year period.

In the General Fund, the estimated FY 2026 fund balance is at a healthy level of 18.4%. We anticipate a reduced rate of growth in revenues that, without commensurate reductions in expenses will begin to reduce the fund balance in the out years. The Administration will continue to work through revenue and expense scenarios during the operating budget process to ensure that the fund balance is maintained within the City Commission's stated goal.

Next Steps

Following this Work Session, the Finance Advisory Board will meet on Monday, April 27th at 6:00PM to discuss the FY 2027-2031 CIP and provide recommendations to the City Commission for the May 12th Work Session. The City Commission will meet again at the May 12th Work Session to receive feedback from the Finance Advisory Board, deliberate about the proposed CIP, and provide guidance to staff in order to prepare the final CIP for adoption at the May 19, 2026 Regular City Commission Meeting.

BUDGET INFORMATION:

BUDGETED AMOUNT:

\$214,304,100

AVAILABLE AMOUNT:

\$214,304,100

EXPENDITURE AMOUNT:

\$214,304,100

Additional Budgetary Information:

See FY 2027-2031 Proposed CIP additional detail by fund and project type.

Funding Source(s):

Multiple

CONSISTENT WITH:

Strategic Plan

POTENTIAL MOTION / DIRECTION REQUESTED:

ARE THERE ANY ITEMS THE CITY COMMISSION OR FINANCE ADVISORY BOARD NEED ADDITIONAL INFORMATION ON IN ORDER TO ADOPT THE CAPITAL IMPROVEMENTS PROGRAM?

DOES THE CITY COMMISSION DESIRE OR REQUEST SPECIFIC FEEDBACK FROM THE FINANCE ADVISORY BOARD FOR THE MAY 12TH, 2026 WORK SESSION REGARDING:

- PROPOSED REVENUE/RATE CHANGES
- NEW OR NEWLY FUNDED CIP PROJECTS
- UNFUNDED CIP PROJECTS