

MINUTES OF A SPECIAL MEETING OF THE CITY COMMISSION OF THE CITY OF FORT PIERCE, FLORIDA, HELD IN THE CITY HALL COMMISSION CHAMBERS, 100 NORTH U.S. #1, FORT PIERCE, FLORIDA, AT 1 P.M. ON MONDAY, JULY 21, 2025.

1. **Call to Order**

Mayor Hudson called the July 21, 2025 Special Meeting to order at 1 p.m.

2. **Pledge of Allegiance**

3. **Roll Call**

Present: Commissioner Michael Broderick; Commissioner Arnold Gaines;  
Commissioner Curtis Johnson, Jr.; Mayor Linda Hudson; Commissioner  
James Taylor

Staff Present: City Manager Richard Chess  
City Attorney Sara Hedges  
City Clerk Linda Cox

4. **COMMENTS FROM THE PUBLIC**

Any person who wishes to comment on any subject may be heard at this time. Please limit your comments to three (3) minutes or less, as directed by the Mayor, as this section of the Agenda is limited to thirty minutes. The City Commission will not be able to take any official actions under Comments from the Public. Speakers will address the Mayor, Commissioners, and the Public with respect. Inappropriate language will not be tolerated.

No public comments.

5. **Budget Workshop**

A. FY 2026 Proposed Budget Adjustments

City Manager, Richard Chess

At the previous commission meeting, we were instructed to return with budget scenarios and options to address salaries for the Police Union, the Teamsters Union, and non-bargaining employees.

Director of Finance Johnna Morris presented budget changes reflecting a \$250,000 revenue increase, including: \$50,000 from alarm permit violations, \$25,000 in expenditure reimbursements, \$50,000 from restricted revenue transfers, and \$125,000 from grant transfers.

We presented seven budget options for consideration, focusing on potential cost impacts and adjustments. The initial proposal included a 5% salary increase for non-bargaining and bargaining employees, and a step increase plus 5% for police. It was then suggested to apply the same structure used for police (step + 5%) to the Teamsters, with costs recalculated accordingly. This adjustment would bring total personnel expenses to approximately \$41,009,160, while operating and capital expenditures would remain unchanged.

Grants and aids were increased by \$22,500 to reflect the EDC invoice adjustment from \$40,000 to \$62,500, bringing total expenditures to \$71,399,689.

Without any further adjustments, this results in a projected shortfall of \$3.6 million. To close this gap, a millage rate of 7.6787 would be required.

Mayor Hudson inquired whether the proposed millage rate reflected the percentage increase from the current rate. The response clarified that the increase is 0.7787 in dollar amount, though the exact percentage increase was not specified at that moment.

Commissioner Curtis Johnson sought clarification, confirming that the proposal applies to the current year and is based on current ad valorem revenue trends. He noted that moving forward, the city would need to sustain the adjusted salary levels, which would require maintaining or increasing current revenue levels, with no downturns in future revenue collections.

Ms. Morris confirmed that without sustained or increased revenue, a decline would put the city in a financially unstable position. She clarified that to fund the current proposal, the ad valorem millage rate would need to increase to 7.6787.

#### Option 2 Summary :

In Option 2, the 5%/15%/15% salary adjustments remain in place. To offset costs: All departments reduced operating expenses by 3%. Capital outlay was decreased by \$1.3 million by removing all budgeted capital projects, leaving only the \$600,000 in annually restricted infrastructure funds. Despite these reductions, a shortfall of approximately \$1.832 million remains. To cover this deficit, a millage rate of 7.2950 would be required.

The Commission questioned the impact of a \$1.315 million reduction in capital outlay under Option 2. Ms. Morris clarified that the only remaining capital funding would be the \$600,000 annual infrastructure transfer from the general fund, reserved funds that cannot be repurposed. This reduction would eliminate nearly all general fund-supported capital projects, leaving \$9.5 million in proposed projects to be prioritized against the limited \$600,000.

Ms. Morris emphasized that many of the deferred Public Works projects now face critical failure, including essential equipment tied to safety. The previously high capital expenditure figure reflects the urgent need to address these long-postponed projects.

In response to questions about surtax funds, Ms. Morris confirmed that the \$3 million infrastructure surtax is not part of the capital reduction, as those funds are restricted and managed separately. They must be spent according to surtax rules and committee approvals and cannot be redirected.

Concerns were also raised about grant-related capital projects, such as the Avenue D project. Ms. Morris assured the commission that grant funds are separate from the general fund, but the city must still cover the local match portion. There are time limits on grant usage, and delays in providing the match could jeopardize the funding.

When asked which departments would be most affected by the capital cuts, Ms. Morris confirmed that Public Works would be most impacted, as they account for the majority of the capital projects at risk.

#### Option 3 Summary:

Option 3 includes a 5% increase for non-bargaining employees, a 10% increase for bargaining employees, and a step increase plus 10% for police. This raises total personnel costs to \$40,137,288.

With operating and capital expenditures left unchanged, this option results in a \$2.74 million shortfall. To fully fund the budget under this scenario, a millage rate of 7.4907 would be required.

#### Option 3:

Increases: 5% for non-bargaining, 10% for bargaining, and step + 10% for police.

Personnel Costs: \$40,137,288

No reductions to operating or capital expenses.

Shortfall: \$2.74 million

Required Millage Rate: 7.4907

#### Commissioner Clarification:

The only change from the prior scenario is the shift from 15% to 10% for bargaining and police, resulting in savings that reduce—but do not eliminate—the shortfall. No further cuts are proposed in this option.

Option 4:

Same salary increases as Option 3 (5% / 10% / step + 10%).

Adjustments:

3% reduction in operating expenses across all departments.

Removal of \$767,892 from the capital budget related to the Axon project in the police department.

Rationale: The Axon capital expense is not due until September 2026, allowing time to absorb the cost through future personnel savings.

Remaining Shortfall: Approximately \$1.5 million

Commissioner Broderick expressed strong concern about eliminating capital expenditures during favorable economic times, warning that doing so leaves the city vulnerable during downturns. He emphasized that capital cuts now remove any future financial cushion, as most discretionary items have already been reduced to fund salaries. He concluded by stating he is deeply troubled by the situation overall.

Option 5 Summary – Presented by Ms. Morris:

Increases:

5% for non-bargaining

5% for bargaining

Step increase plus 10% for police officers

Adjustments:

3% reduction in departmental operating expenses

\$767,892 removed from capital (Axon project, deferred to FY 2026)

Remaining Shortfall: \$1.245 million

Proposed Solution:

Use a fund balance transfer to cover the capital shortfall. This approach:

Maintains full operating and recurring salary expenses without cuts

Uses the fund balance only for capital, which consists of one-time expenditures

Avoids relying on fund balance for ongoing or recurring costs

Option 6 Summary :

Increases:

4% for non-bargaining

4% for bargaining

Step increase plus 9% for police

Adjustments:

3% reduction in operating expenses

\$767,892 reduction in capital (Axon project deferred)

Shortfall: \$934,963

Proposed Solution:

Utilize a fund balance transfer of \$934,963 to cover capital costs. This transfer would strictly support one-time capital expenditures, not recurring budget items.

Ms. Morris emphasized that regardless of the adjustments made, a fund balance appropriation is necessary to fund capital for this fiscal year under this option.

Commissioners and staff engaged in a detailed discussion about the use of fund balance reserves, emphasizing that while the fund balance and reserves are technically the same account, they are not used interchangeably. Ms. Morris clarified:

The City maintains a policy-required reserve of 10% of the operating budget (approximately \$6.78 million) for emergencies.

An additional \$2.5 million is already committed to projects, including the fuel island replacement, which has reached a point of critical failure.

This leaves about \$4.5 million in uncommitted reserves, though that may be needed next fiscal year for operational expenses due to economic uncertainty.

Economic Concerns:

Starting October 1, Florida will no longer collect sales tax on commercial leases, potentially reducing state-shared revenue for municipalities.

The exact impact on Fort Pierce is unclear and requires further analysis.

Commissioners' Concerns:

Commissioner Broderick reiterated that reducing capital expenditures during “good times” limits flexibility during downturns.

The Commission emphasized that raises granted this year must be sustained annually, regardless of future revenue declines.

They cautioned that with forecasted decreases in ad valorem revenue, even without raises next year, the new salary baselines will still need funding, creating compounded budget pressures.

The Commission agreed that although employees deserve fair compensation, rapid salary escalation risks long-term financial sustainability.

Option 7 (Final Option) – Presented by Ms. Morris:

Increases:

3.5% for non-bargaining

3.5% for bargaining

Step increase plus 9% for police

Adjustments:

3% reduction in departmental operating expenses

\$767,892 removed from capital (Axon project deferred)

Remaining Shortfall: \$840,000

Proposed Solution:

Address the \$840,000 shortfall through a fund balance transfer to fund the remaining portion of the capital budget. This approach continues the strategy of using one-time reserves for capital costs only, avoiding the use of reserves for recurring expenses.

Mr. Chess expressed clear opposition to a millage rate increase, stating it is not an option for him. He supports Options 5, 6, or 7, with a strong preference for Option 5, as all three allow the City to:

Avoid a millage hike

Use a manageable amount from reserves (ranging from \$840K to \$1.2M)

Fund long-delayed critical capital projects

He emphasized that Option 5 strikes the right balance by:

Offering meaningful raises to employees

Using one-time fund balance to cover capital costs

Preserving core services without deep cuts

Key Concern: Pay Equity in Police Leadership

Mr. Chess highlighted a growing pay compression issue within the police department:

Recent raises (e.g., 10%–15%) to lieutenants risk surpassing the salaries of captains, majors, and deputy chiefs.

Without adjustments, lower-ranking officers may earn equal or more than their superiors, affecting morale and leadership structure.

He urged that leadership roles be valued, recognized, and equitably compensated, even if not through immediate financial increases.

Conclusion:

Mr. Chess recommended Option 5 as the most sustainable and equitable choice, with Options 6 and 7 also being acceptable. He advocated for fair treatment across all employee groups, including non-bargaining staff and police leadership, while maintaining fiscal responsibility and preserving essential capital improvements.

Commissioner Broderick questioned the \$750,000 increase in staffing while capital spending is being cut, warning of long-term payroll commitments the city may not be able to sustain. He urged reconsideration of new hires and emphasized the need to prioritize only essential roles.

He argued that the police staffing issue lies more in an underfunded step plan than overall pay, suggesting a targeted fix could be more cost-effective than broad raises.

He rejected the idea that only customer-facing roles deserve higher increases, stressing that support departments like Finance and IT are equally vital to operations.

Commissioner Gaines supported hiring someone to overhaul city-owned property and lease management, citing long-standing concerns and the potential for revenue gains.

He expressed strong opposition to raising the millage rate, citing economic hardship for residents and noting that nearby communities are holding or lowering their rates. He stated he would vote no on any proposal that included a millage increase.

While not favoring budget options with deficits, he deferred to the City Manager and Finance Director's financial expertise if they assured that Options 5, 6, or 7 were sustainable. He emphasized the need for fiscal caution, warning against unsustainable commitments and unrealistic comparisons to larger agencies like the County or Port St. Lucie.

He supported addressing police pay compression, especially between ranks, but warned against cutting too deeply from other departments just to stay competitive. He concluded that everyone deserves a raise, acknowledged the emotional toll of inequity, and affirmed his trust in staff recommendations, while standing firm on opposing a millage increase.

Commissioner Johnson emphasized the importance of maintaining parity between officers and supervisors, referencing past increases (9% plus step) and noting a key retention challenge around year four. Concern was expressed about morale, cautioning against relying solely on raises to fix leadership-related issues. Support was shown for a 5%, 6%, or 7% increase, with a preference for avoiding long-term red in the budget. He opposed raising the millage rate, citing resident hardship and neighboring municipalities maintaining or lowering theirs. Emphasis was placed on sustainable budgeting, realistic comparisons with larger agencies, and using staff expertise to guide decisions.

Mayor Hudson noted the police step program needs review, especially the large year-four jump, and questioned if the department has too many administrators versus officers in the community. Concern was raised about adding eight new administrative positions during tight budgets, urging focus on core needs to avoid hard-to-cut staff increases.

Salary comparisons show the city lags behind nearby jurisdictions, which may also increase pay soon. The Mayor emphasized the need to fix pay disparities once and for all, but warned ongoing competition makes this difficult. Ultimately, the commission must make tough choices and accept necessary trade-offs given limited options.

Commissioner Taylor thanked the city manager, team, and department heads for their work and appreciated having multiple options. He favors option five but is concerned about adding new employees. Suggested reducing new hires to lower the \$1.245 million fund balance use while maintaining the 5% increase.

Regarding the leasing manager position, recommended a short-term consultant to overhaul the system rather than a full-time hire, with ongoing maintenance by existing staff. Opposed adding IT staff or community outreach coordinator, given budget constraints.

Acknowledged the difficulty of achieving a 3% operating reduction and sees opportunity in reconfiguring the police step program to retain officers past years three and four. Also sees potential for realigning police department priorities after a new permanent chief is in place.

#### Commission Discussion :

The commission discussed opportunities to reduce new employee additions in order to lower the \$1.245 million fund balance appropriation while maintaining key budget goals.

Regarding the leasing manager position, it was noted that the leasing system requires a one-time overhaul, which could be handled by a consultant with ongoing maintenance managed by the City Clerk's office, avoiding the need for a full-time hire.

There was strong opposition to adding IT department staff or a community outreach coordinator at this time due to budget constraints.

Option Five was favored with reductions in new hires to reduce fund balance use. The commission acknowledged the difficulty in achieving a 3% operating cost reduction but appreciated the effort.

Discussion on the police step program suggested reconfiguration to better retain

officers past the 3-4 year mark, possibly with union input and future salary structure realignment under a new police chief.

Capital outlay funding concerns were raised. It was clarified that capital expenditures are mostly covered, with some federal grants allocated to police capital needs, including equipment. Personnel savings from vacant police positions might help fund these expenses.

Several commissioners expressed concern about eliminating the new leasing/asset management position, highlighting its importance in maximizing city property revenue—a longstanding issue discussed for years.

It was suggested that real estate analysis work could be shifted in-house to departments like Ms. Cox's office, which has the expertise and staff capacity, eliminating some new hire costs.

The Commission recognized the need to balance budget cuts, capital needs, and personnel expenses without compromising essential services.

The consensus indicated that reducing the proposed 10% police salary increase to a lower percentage, eliminating new positions, and addressing capital funding are key to achieving budget balance.

Concerns remain about the impact of 3% cuts on other departments and the potential need for painful decisions.

Mr. Chess emphasized that the City Engineer position is essential and should not be eliminated, proposed utilizing the already-budgeted Deputy City Manager position to cover the needed skill set for real estate and asset management tasks, expressed confidence in handling business and contract matters personally, but sees the Deputy City Manager as necessary administrative support to manage the workload effectively.

Commissioner Johnson raised a question about the necessity of the Record Specialist and Community Service Officer (CSO).

Deputy Chief Ridle clarified the department has four Record Specialists and five CSOs, with a request to add one CSO (instead of 1.5) to the duty office staff.

Commissioner Broderick commented that he fully supports City Manager Chess's suggestion to bring in a Deputy City Manager with real estate expertise as a solution to eliminate the costly "real estate czar" position, emphasizing that budget constraints require sacrifices and that this approach will generate revenue far exceeding the salary, making a millage increase unacceptable.

Mayor Hudson emphasized that the City Clerk's office must be involved in lease management for proper checks and balances and stressed the need for all departments to operate leaner to maintain a healthy—though not wealthy—budget while continuing to reduce debt.

The Commission agreed that departments had already made sacrifices through prior budget cuts, including a 3% reduction and minimal new hires, and reached consensus on a "step plus six" increase, supporting moving forward with the revised figures, acknowledging a remaining shortfall of about \$170,000, and planning to revisit the matter at a second budget workshop on August 11, discussed granting a salary increase to Ms. Cox, clarifying that it must be decided before the final budget to factor it in. They reviewed clerk salary comparisons, with consensus forming around raising her salary from \$129K to approximately \$160, a roughly 24% increase, including the standard 5% COLA. This would place her in the upper salary range for clerks statewide and increase the personnel budget by about \$26,000.

City Attorney Sara Hedges clarified that the 2024 salary data was compiled from cities that voluntarily reported to the FMT database, meaning it's a useful but limited sample and does not represent all municipalities statewide.

The Commission reached consensus to include a 5% cost-of-living increase for themselves, effective October 1, 2025, matching the increase given to all other city employees. Staff was directed to draft a code amendment reflecting this increase and to include future COLA adjustments automatically in line with employee increases, unless the Commission votes otherwise. The final vote and ordinance amendment will be scheduled for a future meeting.

Mr. Chess thanked the Finance team, department heads, and staff for achieving 3% reductions and commended the Commission for a thoughtful, balanced budget discussion, expressing appreciation for their careful consideration and difficult but sound decisions.

City Clerk Linda Cox - No comments

City Attorney Sara Hedges – No comments

Ms. Morris expressed appreciation to all departments for coming together as a team to make necessary, though difficult, budget decisions, highlighting a positive shift from past experiences.

The Commission commended the Finance Department for presenting seven clear budget scenarios in a short time, praised the department heads for accepting 3% cuts, and acknowledged the impact on departments that didn't receive funding, emphasizing collective belt-tightening to navigate the budget.

**6. Adjournment**

Immediately following adjournment, please move toward the doors and exit the chambers. This allows for the safe and courteous exit of all persons, and those on the dais. Conversations after the meeting should be held outside of chambers, in the foyer or elsewhere, but not in the commission chambers where lights will be out as soon as the chambers are empty.

Mayor Hudson adjourned the meeting at 3:11 P.M.

ATTEST:

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CITY CLERK

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MAYOR COMMISSIONER