

BOARD OF COUNTY COMMISSIONERS



July 2, 2025

Board of County Commissioners
Indian River County
1801 27th Street
Vero Beach, FL 32960

Honorable Members of the Board of County Commissioners,

It is my privilege to present the recommended FY 2025/2026 Budget, which continues our tradition of fiscal prudence for Indian River County.

I am recommending a FY 2025/2026 budget of \$597,623,132, compared to the FY 2024/2025 budget of \$670,928,243 (as of March 31, 2025) this is an overall decrease of \$73,305,111 or 10.9%.

The development of this budget reflects the Board of County Commissioners' consistent fiscally conservative approach to budgeting, holding the General Fund and the unincorporated Municipal Service Taxing Unit (MSTU) millage rates constant for the sixth consecutive year and the Emergency Services District millage rate constant for the fifth consecutive year.

The County's strong financial foundation was established over many previous budget cycles with budget discipline, sound financial planning, and commitment to providing necessary local government services responsive to the residents and businesses of Indian River County. I would like to thank our department directors and the Office of Management and Budget for their diligence and commitment to developing a budget that is fiscally responsible.

Economic and Fiscal Landscape

As we prepared this recommended budget, we were cautious in our approach in large measure, due to an awareness of our state and community's current, and more so future, fiscal landscape. The County's real estate market is experiencing a softening that could impact future revenues. Sellers see houses listed on the market for longer periods of time and many are reducing asking prices. This is supported by an analysis by ResiClub where Indian River County ranked 5th among 384 metropolitan areas with the steepest year-over-year price decreases in 2024.

Recent trends suggest a decline, or more of a leveling, in home starts and this is evidenced in Indian River County by a reduction in both building permit and impact fee revenues. The Florida Economic Estimating Conference's most recent quarterly update (February 2025) indicates a fluctuation in private single-family home starts that will ultimately level until 2027–2028 when they project a moderate increase. Greater volatility is expected in the short term for multi-family housing starts, with an increase projected for 2027–2028.

See below Florida TaxWatch's 1st Quarter 2025 Economic Forecast infographic. The proverbial sky is not falling, but TaxWatch forecasts 2027 as the year in which the state may be most susceptible to experiencing less than favorable economic conditions. The above forecasts are echoed by many economists, whether the year is 2027 or 2028. Many of these forecasts were made prior to the recent legislative session and the significant attention surrounding local government taxes (local option sales taxes and property taxes).



Meanwhile, the state is worried about future revenue projections and the potential impact of federal-level DOGE initiatives on its funding. It's unrealistic to assume local governments won't be impacted if state revenues are at risk. The state has demonstrated this in the past by reducing state revenue sharing funds and diverting trust fund revenues for other purposes. Florida House Speaker Perez has noted, "None of us know what the future holds...When we had a recession, the state of Florida was not prepared for that recession. We began to scramble." Thus, as much as the state is preparing for the impact of an economic contraction and the potential of reduced intergovernmental revenues, so should Indian River County.

Now is the time for the County to act to protect our ability to fund and sustain local government operations and essential services. It is imperative that we adopt a vigilant approach to fiscal responsibility to navigate these headwinds. Our goal is to protect the County's ability to fund operations and essential services in the short term but also position ourselves to seize opportunities when the economy stabilizes and begins to expand.

Legislative Concerns

Equally troubling are potential mandates or actions from the Florida Legislature that could reshape local government finances. Proposals to cut sales tax, expand homestead exemptions, and roll back millage rates threaten to disrupt traditional revenue sources, risking financial instability. We must proactively reassess budget priorities and adopt a conservative fiscal plan that will not only help mitigate and plan for potential revenue shortfalls but also fortify our long-term resilience. While many economists predict a contracting economy without a full recession, they anticipate growth returning by 2028 or 2029 (depending on the forecast). Historically, local governments feel the effects of a slowdown or contraction in the economy later than the general public and private sector. Conversely, local governments typically lag one to two years behind the private sector during economic recovery and expansion.

Proactive Financial Management

Given the potential challenges, during the upcoming fiscal year County Administration and the Office of Management and Budget staff will implement several measures to include, but not limited to:

- **Quarterly Reviews:** County Administration and the Office of Management and Budget staff will meet quarterly to review and monitor expenses and revenue trends, as well as other leading economic and financial indicators. If warranted, we will identify and develop appropriate measures to ensure expenses are in line with revenues.
- **Revenue Diversification and Grants:** Identify and explore new revenue-generating avenues, such as being more proactive with grant opportunities with the addition of a Budget & Grants Analyst position. We will additionally continue to collaborate with Legislative Affairs to monitor legislative proposals that could threaten local revenue sources or identify opportunities to fund projects.

- **Budget Priorities Workshop:** We propose holding an April BOCC Budget Priorities Workshop to update the Board on the County's mid-year financial condition, and to the extent possible create a future budget scenario. Paramount to this workshop will be soliciting Board Member Priorities.
- **Incremental Zero-Based Budgeting:** Beginning next fiscal year, we will implement incremental zero-based budgeting. The intent will be to identify roughly three departments a year and start from a "zero base." The departments will develop their budget in which every expense must be justified. Zero-based budgeting involves a systematic approach to true up and justify every expense, prioritize activities and allocate resources based on strategic importance rather than historical spending.
- **AI Task Force:** According to the National Association of Counties' *AI County Compass* report, generative AI can transform local government services, fostering an environment that strengthens our budget position. AI Has proven effective in boosting productivity, improving communications, enhancing planning (and permitting) review, managing resources, improving public safety, and handling child and human services. Properly implemented, AI tools can serve as a key driver for cost-effective, high-quality services. A cross-departmental AI task force will work to navigate the complexities of AI and mitigate risk by developing clear guidelines, standards, procedures, and identifying the strategic selection of deployment areas.

By taking these steps, we can better position our government to monitor and adapt to an evolving economic and fiscal environment to safeguard our ability to provide critical services for our residents.

Investing in Our Organization and Workforce

Over the past two fiscal years we've invested in the health of our organization through an assessment of the organization and addressing areas where staffing is not in line with the expectations of the levels of service provided. We have also invested in our employees; they are the heart and soul of our organization and work diligently to serve the residents of Indian River County. Our mission, *Dedicated to Indian River County through Service Excellence*, cannot just be a statement. It must permeate throughout the entire organization. Part of that includes ensuring we are appropriately staffed to meet the demands and challenges of our community, and we are taking care of those who take care of our customers, the residents and businesses of Indian River County.

Over the past two fiscal years, we have thoughtfully invested in staffing, adding 72.15 full time positions, including Constitutionals, and reorganized divisions and functions to better align resources with community expectations. Our 2024/2025 workforce surpassed pre-Great Recession levels, ensuring we meet evolving service demands. While needs still exist, in the current environment of uncertainty, we must be sensible in how we continue to renourish the organization.

Departments submitted 90 requests to add (52) or reclassify (38) positions. Reclassifying some roles gives our departments the ability to adapt to changes by using current employees to tackle new and expanded duties. The following table depicts those new positions requested and those recommended for FY 2025/2026.

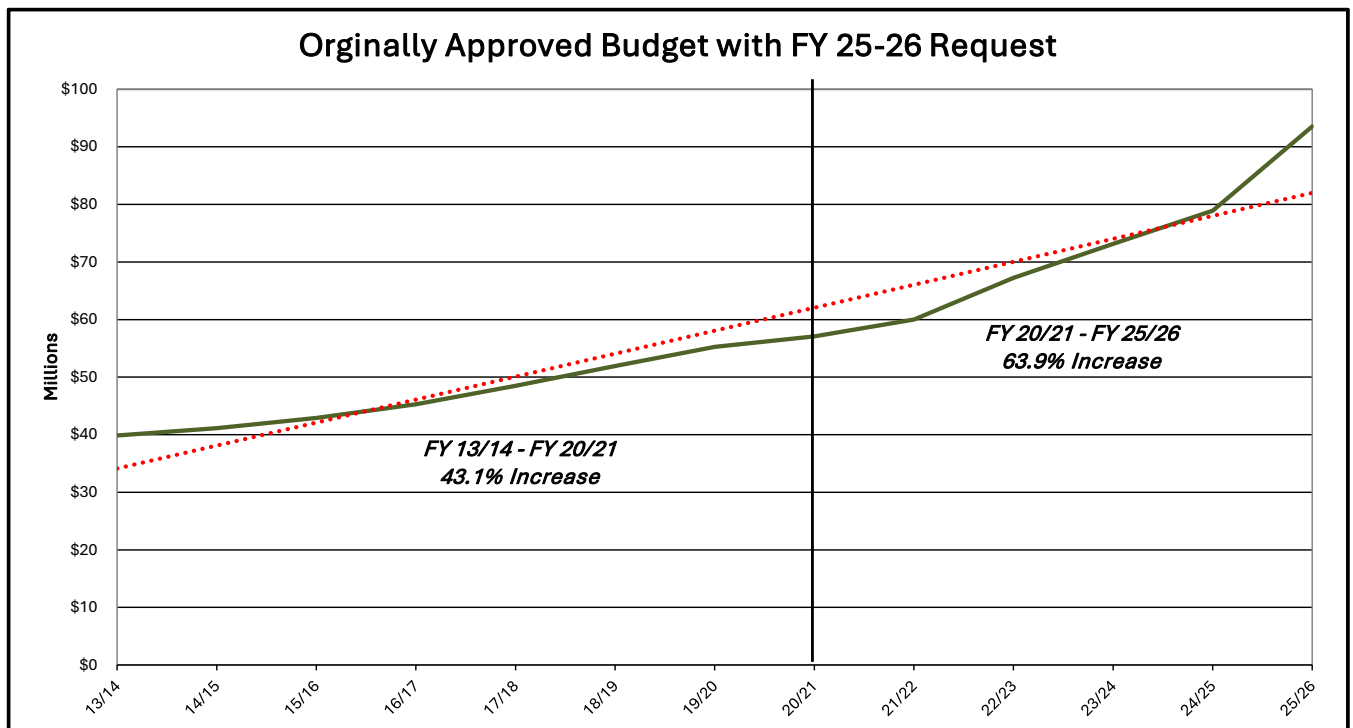
Full & Part Time by Department/Division	NEW Requested	NEW Recommended	Reclass Requested	Reclass Recommended
County Attorney	-	-	3	3
Community Services	1	1	-	-
Parks, Recreation & Conservation	13	5	4	4
Emergency Services	5	3	3	4
Office of Management & Budget	2	2	-	-
Human Resources	2	1	-	-
Information Technology	-	-	5	1
Natural Resources	-2 *	-2 *	2	1
Planning & Development Services	2 *	2 *	-	-
Building & Facilities Services	13	11	1	-
Public Works	12	4	8	3
Utility Services/SWDD	4	1	12	6
Total Positions Added	52	28	38	22

* Indicates transfer of two full-time personnel from Natural Resources to Planning & Development Services

Public Safety – Sheriff’s Budget Request

A safe and secure community is the bedrock of a high quality of life. To that end, the Board of County Commissioners and County Administration keep the Sheriff’s Office and Emergency Services (Fire Rescue and Emergency Management) at the forefront of essential services provided to Indian River County residents.

The Indian River County Sheriff’s Office is requesting a total budget of \$93,547,675 (all funds, excluding electric) for FY 2025/2026, reflecting a \$14,635,720 or 18.5% increase. The Board of County Commissioners and County Administration have consistently shown strong support for law enforcement and community safety. The chart below illustrates the past 12 years of originally approved budgets and the Sheriff’s requested budget for the upcoming fiscal year. Since the post-Great Recession revenue growth began in 2014, the Indian River County Sheriff’s Office budget has grown by 43.1%, or \$17,192,831, over eight years. Sheriff Flowers inherited a \$57.1 million budget in FY 2020/2021, which has since risen by 38.3%, or \$21,835,155, over the past four years. If approved at the requested amount, the Indian River County Sheriff’s Office budget will have surged 63.9% since FY 2020/2021.



The County’s General Fund property taxable valuation is increasing 8.8% which will generate an additional \$8.68 million in ad valorem revenues. Even if the County for BOCC funded operations, along with all other Constitutional Offices, and state-mandated agencies, maintain current budget levels, it would be impossible to accommodate the Sheriff’s full budget request without raising millage rates or cutting other budgets. Funding the Sheriff’s budget request would prevent the County’s budget from being balanced, leading to a deficit of \$9,901,003.

The County’s General Fund millage is 3.5475 mills, of which the Sheriff’s budget accounts for 1.8553 mills or 52.3%. Additionally, for the unincorporated area the County Municipal Service Taxing Unit (MSTU) is 1.1506 mills and the Sheriff’s budget accounts for 0.6674 mills, or 58.0%, of the MSTU.

Using budget stabilization and reserves for recurring costs isn’t justified given the circumstances the County faces on the horizon. About 72.4% of General Fund expenses are tied to mandates, including funding our Constitutional Officers and certain state offices funded proportionally to the services provided to Indian River County. These state offices include the 19th Judicial Circuit Court Administration, the State Attorney’s Office, the Public Defender’s Office, the Medical Examiner’s Office, and the Guardian Ad Litem’s Office.

This year, the Sheriff’s budget alone accounts for 52.3% of General Fund expenses. Excluding the Sheriff’s allocation and mandated funding for our other Constitutional Offices and state agencies, the Indian River County Board of County

Commissioners has only 22.6% (or \$22.60 dollars for every \$100 dollars of ad valorem revenue) of the General Fund available to fund County operations and services.

County Administration and staff have worked hard to control expenses for the upcoming year, recognizing the very real prospects of a contracting economy and uncertain fiscal future. Additional cuts would severely reduce or eliminate key local services provided by the General Fund. Raising the millage rate would also be fiscally reckless, especially with the Governor's Office and the Florida Legislature evaluating property taxes, their impact on homeowners, and local government service delivery with the intent of developing provisions to reduce taxes.

Considering the County's ongoing commitment to public safety and the points discussed, I recommend a 6.0% increase to the Indian River County Sheriff's budget for FY 2025/2026, amounting to a \$4,734,717 increase, which is a total budget of \$83,646,672. When drafting the current fiscal year's budget, the County and the Sheriff agreed the Sheriff's Office would receive an increase proportional to its share of the General Fund Budget. For Fiscal Year 2024/2025, this amounted to \$4.78 million, or 52.8% (excluding electric) of the General Fund Budget.

Using the same formula where the Sheriff's Office receives an increase proportional to its share of the current year General Fund Budget, the Sheriff's budget for Fiscal Year 2025/2026 would increase by \$4,583,732 based on the increase in ad valorem revenue from taxable value growth, with the Sheriff's office comprising 52.8% of the FY 2024/2025 original General Fund. However, I recommend a 6.0% increase for the Sheriff's Office budget, totaling \$4,734,717, which represents 51.8% of the General Fund Budget.

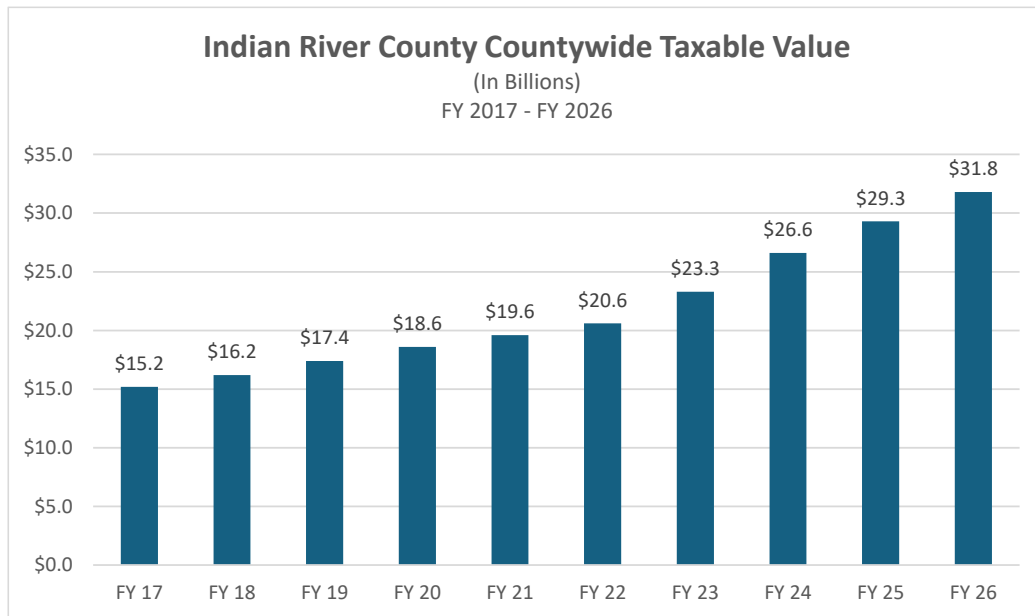
Understanding the future fiscal impact to the County is critical to the BOCC's decision concerning the allocation of fiscal resources to support the Sheriff's law enforcement, corrections, and courthouse operations. In simple terms, there is a high level of confidence that the Sheriff's budget, following a steep upward curve, and based on current trends, will grow beyond the capacity of the County to fund basic needs, absent increases in the millage rate and budget reductions. This is concerning given the forecasts for an economic slowdown on the horizon.

I believe it is critical to reiterate my caution from last year's budget message, echoed by the Board of County Commissioners at the budget workshop, regarding the Sheriff's escalating annual funding requests. These increases are fiscally unsustainable over time. Expenses must align more closely with available revenues, especially with the very realistic prospects of a contraction, or at the minimum a cooling, of the economy and potential structural changes to Florida's local government revenue streams. While it may not be a perfect storm, the path is analogous to an early track of a tropical storm forecast to make landfall in 2027 or 2028. Proactive preparation to tighten or control expenses is essential to prepare for and navigate these future challenges.

FY 2025/2026 Budget Highlights

The total proposed budget is \$597,623,132, a decrease of \$73,305,111 or 10.9% from the current year. Although, it should be noted this is an increase of \$72,903,257 or 13.9% from the beginning budget of \$524,719,875 for the current fiscal year. A detailed all – fund expense summary is contained in the exhibits following this message (pages 20 and 21).

The following chart illustrates the 10-year trend in the County tax roll. The FY 2025/2026 General Fund tax roll is approximately \$2.58 billion or 8.8% higher than the previous fiscal year. Although the current change in taxable values is positive, there is still uncertainty regarding future years' tax roll growth with many economists, while no longer forecasting a recession in 2025, still predict economic growth slowing in 2027.



Highlights of the FY 2025/2026 Budget:

- Tax roll Increase – 8.8% countywide; 8.7% unincorporated area.
- Sheriff Funding – Recommended \$4.73 million increase (reduction from initial request of \$14.6 million increase).
- Retirement Rate Increase – \$4,199,834 Countywide, including Constitutional Officers.
- Worker’s Compensation Increase – \$1,078,523 Countywide, including Constitutional Officers.
- Full-time Position changes – BCC reflects a net increase of 26 full-time positions; increase of 1.25 FT Constitutional Officers; 27.25 total increase in FT positions.

The proposed budget includes funding for salary increases for County employees due to the increases in the cost of living and the need to remain competitive to recruit and retain qualified workers to provide a high level of service to County residents. In addition, the County is currently negotiating with the International Association of Fire Fighters (IAFF) Union on a new contract, along with the Teamsters Union regarding the contract reopener for a general wage increase.

Strategic Plan

The County’s Strategic Planning Team continues to work on finalizing the County’s Strategic Plan. We have a draft plan and are working to refine and finalize appropriate and relevant objectives. It is important to note the Strategic Plan is a living document, and it will periodically be reviewed to ensure it remains relevant to guide the County and safeguard that we are focused on the most strategic issues. County Administration is projecting the Strategic Plan to be completed and presented to the Board of County Commissioners by the end of the fiscal year.

The Strategic Planning mission, ***Dedicated to Indian River County through Service Excellence***, and our core values of ***Integrity, Responsiveness, and Collaboration*** are reflected in this year’s budget. Staff will present the alignment of our budget with the below Strategic Goals adopted by the Board.

- Environment: Advancing responsible environmental stewardship by protecting, conserving, and managing natural resources and by fostering environmental awareness.
- Governance: Delivering high quality local government services and managing resources in a financially responsible and sustainable manner, embracing accountability, transparency, innovation, performance, customer service, and community engagement; the hallmarks of good governance.
- Infrastructure: Planning, constructing, managing, and maintaining critical public infrastructure in response to our

current needs, future demands, and the expectations of our community; embracing innovation, technology, and resiliency.

- **Public Safety:** Protecting residents and property through effective and responsive fire rescue, emergency medical services, and emergency management. Promoting the safety and well-being of the community through effective planning and enforcement of community and life-safety standards.
- **Quality of Life:** Enhancing the quality of life to foster a thriving community for Indian River County residents by advancing programs and policies directed toward children, seniors, economic opportunity, attainable housing, community health, recreation, and public mobility.

Revenue Outlook

The tax roll increase provides additional funding (General Fund, MSTU Fund and Emergency Services District combined) for next fiscal year's budget in the amount of \$14,866,535, with the revenue impacts detailed below:

- Half Cent Sales Tax is remaining flat.
- State Revenue Sharing is remaining flat.
- Optional Sales Tax is increasing by \$754,000 or 2.7%.
- Gas taxes are increasing \$164,969 or 2.5% collectively.

Proposed Ad Valorem Tax Rates

Based on the preliminary rolls and recommended expenses, the proposed millage rates are as follows:

Comparison of Adopted Millage Rates to Proposed

Fund Description	FY 2024/25 Adopted Millage	FY 2025/26 Proposed Millage	# Difference	% Difference
General Fund	3.5475	3.5475	0.0000	0.00 %
Land Acquisition Bond 2024	0.0639	0.0610	(0.0029)	(4.54) %
Subtotal Countywide Millage	3.6114	3.6085	(0.0029)	(0.08) %
MSTU Fund	1.1506	1.1506	0.0000	0.00 %
Emergency Services District	2.3531	2.3531	0.0000	0.00 %
Aggregate Millage	6.1198	6.1158	(0.0040)	(0.07) %

The FY 2025/2026 proposed millage rates remain unchanged from the previous year's rates for the existing funds, with exception to the Land Acquisition Bond 2024 rate, as it will be decreasing by 0.0029 mills. The proposed Aggregate Millage rate is decreasing by 0.0040 mills or 0.07% to 6.1158 mills. This specific rate is not paid by any taxpayer but is rather an average millage rate required to be shown for comparative purposes.

For illustrative purposes, the effect of the proposed millage rates on a home with an assessed value of \$344,240⁽¹⁾ and a homestead exemption of \$50,000 is shown in the following table.

Typical House Comparison – Proposed vs. Current with 3.0% CPI Increase & \$50,000 Homestead Exemption

Proposed Millage Compared to Current	FY 2024/25 Adopted Millage	FY 2025/26 Proposed Millage	\$ Inc/(Dec)	% Inc/(Dec)
Taxable Value	\$344,240	\$354,567	\$10,327	3.00 %
General Fund	\$1,043.82	\$1,080.45	\$36.63	3.51 %
Land Acquisition Bond 2024	\$18.80	\$18.58	(\$0.22)	(1.17) %
Subtotal – Indian River Shores	\$1,062.62	\$1,099.03	\$36.41	3.43 %
Emergency Services District	\$692.38	\$716.68	\$24.30	3.51 %
Subtotal-All Other Incorporated Areas	\$1,755.00	\$1,815.71	\$60.71	3.46 %
M.S.T.U. Fund	\$338.55	\$350.44	\$11.89	3.51 %
Total – Unincorporated Area	\$2,093.55	\$2,166.15	\$72.60	3.47 %

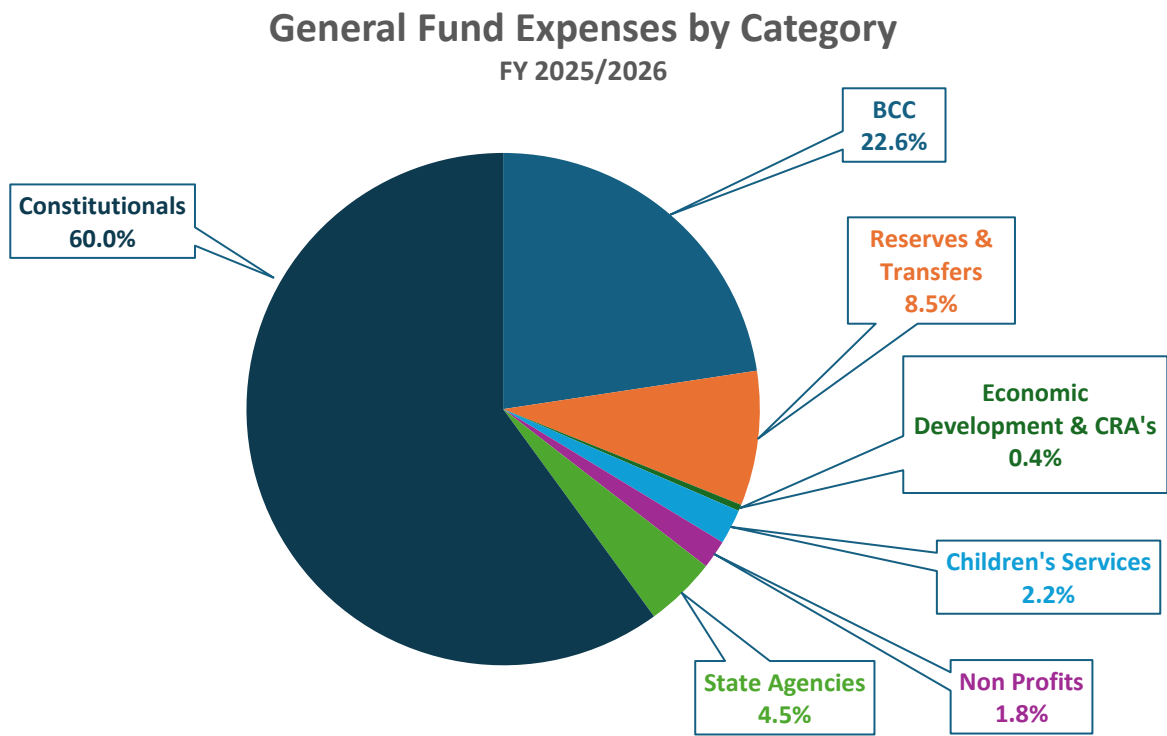
⁽¹⁾ Based on the average assessed value of all homestead properties in Indian River County as of June 2025.

General Fund

The proposed General Fund budget is \$156,902,503, an increase of \$196,559 or 0.1%. Specific departmental, Constitutional, and agency budget summaries are contained in the exhibits following this message (pages 24-26). Major factors impacting the General Fund budget are presented below:

- Ad valorem tax roll increase – 8.8%, \$8,681,310 in additional revenue, assuming 95% collections at same millage rate.
- Millage rate - 3.5475, no change from last fiscal year.
- Constitutional Officers increases - \$4,692,064 or 5.2%.
- State Mandates/Constitutional Officers – constitute 72.4% of the total General Fund budget.
- Children’s Services Funding – increase of \$421,144 or 13.8%.
- State-Mandated Retirement Rate Impact – increase of \$2,597,074 or 17.5% (including Constitutionals).
- Worker’s Compensation Rate Impact – increase of \$337,444 or 27.9%.
- 9.25 Net FT Positions – 8 FT BCC positions for \$744,217, and 1.25 FT Constitutionals.

The following graph illustrates the breakdown of expenditures by agency in the General Fund, of which the Board of County Commissioners comprises 22.6% and our Constitutional Offices 60.0%. The Sheriff’s Office budget alone comprises 52.3% of the General Fund.



As we approach the upcoming fiscal year, the issue of animal sheltering becomes increasingly important. Animal shelters, as we all know, provide a safe haven for stray, abandoned, or surrendered pets, while also caring for and helping them to find new homes. Moreover, these shelters play a crucial role in protecting public safety by managing dangerous and stray populations, as well as addressing concerns related to animal welfare.

On September 24, 2024, the Board approved a one-year extension of our current agreement with the Humane Society of Vero Beach and Indian River County, which is set to expire on November 30, 2024. Representatives from the Humane Society and county staff have been meeting to discuss current ongoing capacity and service challenges. Staff is continuing

to evaluate potential options to ensure that we can effectively address animal sheltering needs.

The Animal Control Division of Emergency Services is prepared, if needed, to transition from enforcement and collection to more of a direct animal management system including enforcement, collection, care, adoption, and disposition of stray, dangerous, and abandoned animals, which may include the acquisition and development of a county-owned and operated facility under the supervision of county staff and a licensed veterinarian.

The Clerk of the Circuit Court has requested a \$34,755 or 2.3% increase from the current year's budget. The budget request includes a cost-of-living increase for employees, along with the State-mandated retirement rate increases. This request also includes an additional 1.25 full-time positions, including an IT position, and additional funding for software needed to transmit data through existing criminal justice information systems.

As previously mentioned, the Sheriff's recommended budget is \$83,646,672, which is an increase of \$4.73 million or 6.0%, over the current year's budget. As part of the request, \$2,137,305 in Optional Sales Tax is being used to fund replacement vehicles and other eligible capital in the Sheriff's FY 2025/2026 budget request to further minimize the impact on the ad valorem tax supported funds. The proposed FY 2025/2026 budget includes a sixth year of partial funding for the School Resource Officers expense. The State continues to provide no funding for this mandate on School Districts.

The Supervisor of Elections has requested an increase of \$155,736 or 6.9%. This request includes a Geographic Information Systems Specialist position to manage and maintain the spatial data essential for election operations. Due to pending legislature, it may be necessary for the Supervisor of Elections to come to the Board of County Commissioners to request additional funding for increased petition verification costs (notice requirements, postage, and staff resources).

A modest increase has been included for the Tax Collector's budget in the General Fund. It is important to note that this is simply a Staff estimate as the Tax Collector's budget is not due until August 1st.

The Property Appraiser has requested an increase of \$348,101 or 6.6% for the County funded portion of the budget. General Fund dollars support the bulk of the Property Appraiser's budget, and the General Fund impact is an increase of \$210,119 or 4.8%. The budget request includes funding for employee raises.

The BCC departmental funding amount reflects an increase of \$1,706,783 or 5.0%. There is an increase of 8 full-time positions in various departments including Parks, Recreation & Conservation (4), Office of Management & Budget (2), and Building & Facilities Services (2).

Recommended State agency budgets total \$7,007,814, which is an increase of \$1,414,865 or 25.3%. This is principally due to a \$179,422 or 11.6% increase in Medicaid, a \$261,284 or 32.3% increase in Medical Examiner, and a \$814,676 or 101.8% increase in Circuit Court expenses. The Circuit Court increase is mostly due to the addition of mental health court costs, totaling \$520,681, that will prevent the criminalization of mental illness by diverting eligible individuals away from jail and into structured, therapeutic services. This funding was previously provided by the Hospital District and is expected to be eliminated from their budgeted in FY 2025/2026, thus the County has assumed the expense. The Court Technology Fund and Court Innovation Fund were intended to cover Court Administration expenses; however, once again these expenses cannot be supported. Thus, a total of \$169,300 for the State Attorney's budget request and \$521,371 from the Court Administrator's budget is being funded from the General Fund.

Municipal Service Taxing Unit (M.S.T.U.) Fund

The M.S.T.U. recommended budget is \$54,969,931, a decrease of \$2,285,375, or 4.0% (pages 27-28). Transfers out to the Transportation Fund are increasing by \$482,525 and transfers for Law Enforcement are decreasing by \$708,321. As transfers out comprise 76.0% of the M.S.T.U. expense budget, any change causes a significant impact on the total fund budget.

A summary of major factors impacting the M.S.T.U. Fund are shown below:

- Ad valorem tax roll – 8.7% increase, generating \$1,557,817 in additional revenue, assuming 95% collections at proposed millage rate.

- Millage rate – 1.1506, no change from last fiscal year.
- Transfers Out – \$9,885,664 to fund transportation; \$31,883,385 to fund law enforcement.
- Worker’s Compensation Rate Impact – increase of \$11,935 or 10.0%.
- Environmental Planning to move from Natural Resources to Planning & Development Services.
- Additional \$20,420 in revenue for revamped and newly reopened sporting clays course.

Various capital improvements are budgeted at the Recreational Facilities including replacement of lane lines and storage, electrical upgrades, pump replacements, re-winders, new shed, and replacement utility vehicle totaling \$147,692.

Due to County Planning’s resources and current staffing structure, the Environmental Planning staff, which consists of a Senior Environmental Planner and a Planner, are being moved from Natural Resources. This is a cost neutral change to the fund and will allow the County to further its commitment not only to its residents, but the environment.

The Shooting Range is in its final stages of the Sporting Clays Course trail elevation and revamp. This project not only includes elevating and upgrading the golf cart paths to shell, but all new clay target throwing machines, station huts, and lighting improvements. This will help generate a projected \$20,420 in additional revenue.

Transportation Fund

The recommended budget for the Transportation Fund is \$27,295,785, reflecting a decrease of \$1,386,172 or 4.8% (page 29). Some of the major factors impacting the Transportation Fund budget are presented below:

- Increased Retirement Cost – additional \$15,807 or 1.1%.
- Increased Worker’s Compensation Cost – additional \$55,306 or 13.5%.
- Gas Tax revenue totals \$2,656,000 – a decrease of \$29,000 or 1.1%.
- Transfers from the General and M.S.T.U. funds, which account for 77.2% of the total fund’s revenues, are increasing by \$1,028,839 or 5.1%.
- 4 Net FT Positions – Net cost \$201,731.

A replacement super duty truck, two (2) flat bed trucks, bucket truck, mini excavator, dump truck, and industrial mowing system are being requested in Road & Bridge for a combined \$959,730, along with the continuation of a large traffic signal network upgrade and electronic key access system for traffic signal cabinets for a combined \$141,000. These network and access changes will help with efficiency and security. Stormwater is requesting a \$95,700 portable stormwater camera system with a powered reel for underground stormwater asset inspections. These inspections are critical for post construction activities and maintenance.

Two Tradesworker I positions, along with a Senior Maintenance Worker and Senior Maintenance Worker – Crew Lead, are being added to Road & Bridge. These positions will allow for enhanced maintenance upkeep, especially on the County’s irrigation systems, sidewalks, and drainage ditches. In addition, the Assistant Director in County Engineering is being reclassified into two Assistant Directors, one over County Engineering/Surveying and one over Operations (Road & Bridge/Fleet). This reorganization will allow for enhanced focus on not only the technical side of Public Works activities, but field operations as well. A Crew Leader – Markings is also being added to Traffic Engineering. These positions changes have a net cost of \$219,444, including benefits.

Emergency Services District Fund

The total budget proposed for next fiscal year is \$73,585,471, reflecting a decrease of \$9,922,199 or 11.9% (page 30). A summary of the major impacts on the Emergency Services District (ESD) is provided as follows:

- Ad valorem tax roll – 8.6% increase, generating \$4,627,408 in additional revenue, assuming 95% collections at

proposed millage rate.

- Millage rate – 2.3531, no change from last fiscal year.
- Net Additional three (3) FT positions – \$372,997.
- Increased Retirement Cost – \$1,509,544 or 15.2%.
- Capital budget of \$3,758,153.

The proposed District budget includes the net addition of three (3) full-time positions for a total cost of \$372,997. This includes the addition of three (3) Captain Fire-Medics which will play a crucial role in overseeing Emergency Medical Services in the field while also assisting the Battalion Chiefs during larger incidents. In addition to EMS oversight, these new positions will focus on providing care through the Coordinated Opioid Recovery (CORE) program, which addresses both acute and long-term care for drug addiction. The CORE program will fund the salaries of the three new positions totaling \$395,682, as well as provide funding (\$127,590) for two new Tahoes. One (1) full-time Fire Courier is included in the budget to pick up and deliver supplies to fire stations, County buildings, or vendors, as well as assist with warehouse maintenance and inventory. The deletion of one (1) Staff Assistant II position is being proposed, as the position is no longer needed. Although not specifically appropriated, Staff has included funding for overall salary and benefit increases, as the County and IAFF are still currently engaged in negotiations on wages. The proposed budget also includes funding for \$3,758,153 in budgeted capital outlay including new roofs at Stations 4 & 5 (\$500,000), laptops (\$76,468), 3 Chevy Tahoes (\$191,385) with two of them being funded by the CORE program, 4-door side by side with trailer (\$47,000), fire station upgrades (\$195,000), cargo van (\$67,000), 35 Lifepaks (\$1,750,000), 8 Stryker Stretchers (\$360,000), panel truck (\$85,000) and various other equipment (\$486,300).

Proposed Non-Ad Valorem Rate Changes

Two (2) of the streetlighting district's non-ad valorem rates have been increased, primarily due to the increased electric rates of Florida Power & Light planned for the upcoming fiscal year.

Streetlighting Districts	FY 2024/25 Parcel/Acre	FY 2025/26 Parcel/Acre	Variance
Tierra Linda	\$55.00	\$56.00	\$1.00
Whispering Pines	\$25.00	\$31.00	\$6.00

The SWDD budget has been impacted by increases in the Republic Services landfill and customer convenience center contracts, increased leachate evaporator expenses, increased Waste Management contract for recycling pick-up, overall tonnage increases due to the growing population, and the implementation of Universal Garbage Collection for unincorporated residents. The budget also includes \$2,500,000 for the design, permitting and construction of the landfill gas expansion of Cell II of Segment 3, \$6,500,000 for the partial closure of Segment 3 Cells I & II, and \$1,000,000 for the design of a new household hazardous water building.

Due to the continuing need to increase the annual special assessment (approved by the Board of County Commissioners on June 17, 2025) to keep pace with the increased costs, Staff is proposing the following SWDD rates for FY 2025/2026 :

SWDD Rate	FY 2024/25 Rate	FY 2025/26 Rate	Variance	% Change
Commercial Waste Generation Unit (W.G.U)	\$ 68.80	\$ 79.12	\$ 10.32	15.0%
Residential Waste Generation Unit (W.G.U)	\$ 108.75	\$ 125.06	\$ 16.31	15.0%
Equivalent Residential Unit (E.R.U.)	\$ 163.12	\$ 187.59	\$ 24.47	15.0%
Universal Collection Assessment (per Household)	\$ 0.00	\$ 181.70	\$ 181.70	N/A
Readiness-to-Use Fee (W.G.U.)	\$ 40.30	\$ 46.62	\$ 6.32	15.7%
Landfill Residue Disposal Fee	\$ 50.71	\$ 58.31	\$ 7.60	15.0%
Number of W.G.U.'s	230,940	234,949	4,009	1.7%

W.G.U. = One ton of waste annually

Sandridge Golf Course continues to realize financial growth, and revenues are once again projected to increase over the upcoming fiscal year. On June 20, 2025 Sandridge broke ground on the new clubhouse that is scheduled to cost \$12,321,083. Staff is currently engaged with our financial advisor and will begin the bond issuance process in August of 2025. At the appropriate time, Staff will present to the Board the recommended financing. Being that the clubhouse is not scheduled to open until after October 1, 2026, no associated revenues or expenses have been included in the proposed FY 25/26 budget.

Per the Utilities Rate Study, adopted by the Board of County Commissioners on August 28, 2024, Utility rates are scheduled to increase by 12% on October 1, 2025. This increase in rates, coupled with new growth, is estimated to generate \$8.6 million over the upcoming fiscal year. The County's Utility Services Integrated Master Plan, an 18 to 24 month endeavor, is underway as the project kicked off in October 2024, shortly following the Board's approval of HDR Engineering, Inc. on September 24, 2024. The plan is critical to the future of our utilities system as the plan will assess our system and infrastructure to identify needed capital repair and replacement items, as well as address future water and wastewater system needs. Additionally, the plan is paramount to the County's ability to plan for and implement the looming 2030 (HB 1379, 223) mandate requiring onsite sewage treatment and disposal systems (septic systems) to connect to central sanitary sewer services, if available.

Prospective View

The state remains concerned about future revenue estimates and the impact of DOGE at the federal level and how that impacts their revenues. It would be imprudent to believe if the state faces revenue reductions local governments would not experience corresponding impacts. As much as the state is preparing for the impact of an economy cooling off and the potential of reduced intergovernmental revenues, so should Indian River County.

While acknowledging the pressing economic and fiscal challenges that could potentially redefine our revenue landscape, our roadmap forward remains both resilient and innovative. Recognizing that traditional revenue sources face unprecedented strain, we are committed to a strategy that prioritizes fiscal discipline, embraces revenue diversification, and focuses on delivering Service Excellence through improved efficiency and transparency.

Looking to the future, our vision is built on several pillars: enhancing budgetary monitoring and control, advancing our data collection and reporting, executing planned projects through responsive project management, implementing our strategic plan to align fiscal policies/resources with the evolving needs of the County, and collaborating in a more proactive policy engagement with state and local partners.

By remaining proactive and fiscally disciplined, we will continue to deliver essential services, foster economic resilience, and position Indian River County for sustainable growth. Together, we stand ready to meet these challenges head-on, transforming uncertainty into opportunity, and ensuring that our fiscal policies not only weather the storm but also drive us toward a more prosperous future.

This message is intended to provide the Board with a general overview of the most significant changes in the proposed FY 2025/2026 recommended budget. A more detailed explanation will be provided during the workshop sessions.

Respectfully,

A handwritten signature in blue ink that reads "John A. Titkanich, Jr." with a stylized flourish at the end.

John A. Titkanich, Jr., ICMA-CM
County Administrator