

LAKEALND CITY COMMISSION**Public Budget Hearing
September 24, 2026**

The Lakeland City Commission met for the Second Public Budget Hearing in the City Commission Chambers. Mayor Sara Roberts McCarley and Commissioners Chad McLeod, Terry Coney, Stephanie Madden, Mike Musick, Ashley Troutman, and Guy LaLonde were present. City Manager Shawn Sherrouse, City Attorney Palmer Davis, Finance Director Mike Brossart, and City Clerk Kelly Koos were present.

CALL TO ORDER - 6:00 P.M.**PRESENTATIONS**

- Shawn Sherrouse explained the plan for tonight is a high-level summary of the budget. Reviewed the FY2027 Budget Process Timeline.
- Proposed Budget.
- Property Value Growth 4.96% Estimated 5% for FY28 and FY29.
- Operating Expenditures limited to 1.5% increase. Only 2 departments were over that budget.
- Across-the-Board (ATB), Merit Increase, and Market Wage Adjustments for (General Employees) and Collective Bargaining Agreements (CBAs).
- 9.9% increase in health insurance premiums with comprehensive plan changes to lessen premium increases. At the end of the discussion tonight, there is an additional presentation from our benefits office.
- Proposed millage is 5.4323, which is the same rate since 2022. It was reduced in 2022 to 5.4323.
- Days Cash on Hand (DCoH) are maintained but in FY28 and FY29 DCoH fall below 45 days.
- Millage Comparison.
- Strategic Plan Focus Areas - Total expenditures \$47,423,261 for focus areas.
- Budget All Revenues.

Mike Brossart reviewed the Net Budget

- All Revenues Chart.
- 2027 Budget Revenue sources – property tax is 7.5% of total budget.
- Expenditures by Account – the largest expenditure is personnel.
- General Fund Revenues.
- General Fund Expenses.
- Millage Discussion Authorization.

Shawn Sherrouse stated that now would be a good time for Commission to ask any questions about the budget.

Commissioner Ashley Troutman asked about the expenditures by account page. Infrastructure is in All Other Operations and Maintenance 4%

Commissioner Terry Coney asked about Fleet. Will we have to adjust the budget for fleet fuel? Mike Brossart explained that Gary McLean is assuming a big jump in the fuel budget. Mr. McLean did not expect a budget adjustment in FY26.

Health Care Plan Structure

Shawn Sherrouse explained this is very difficult. There has been a lot of work to consider other options. We were originally facing a 23% increase in health insurance costs. We know these changes have a massive impact on our active employees and retirees. Retirees, when eligible, utilize the City's plan as a Medicare supplement. So do their spouses. The spouse supplemental premium with these changes more than doubles. Their options in the marketplace are more affordable. We are connecting retirees with SHINE (Serving Health Insurance Needs of Elders) who will help them understand and select the best options. The only options to avoid this situation for retirees are for everyone to pay a bigger premium increase or for the City to inject large sums of cash. That is not recommended. The plan as it exists is no longer sustainable.

Health Benefits Specialist Sophie Nieves and Health Benefits Analyst Stephen Delfino presented.

- Plan Design History - The funding gap carried through to the plan's operating results. This year we fell short of the safe harbor fund requirement of 60 days.
- Retiree claim costs remain material even as retiree enrollment declined.
- Retirees' pharmacy costs remain above active costs across the reporting period.
- Retirees in Medicare A and B are receiving a discount on their health insurance. That does not cover prescriptions. Retirees spend \$1,000 a month on prescriptions. The proposed plan designs move Lakeland closer to the public-sector peer range. Everyone is having a bad year. Lakeland premiums are lower or equal to similar plans. The 9.9% premium increase brings the plan back to a 75-day reserve.

Commissioner Mike Musick asked about the Safe Harbor penalties if we are not in line. Ms. Nieves explained there is no set penalty for year 1 or year 2. The Florida office of insurance regulation looks closely at self-insured plans. When we fall below, the plan is questioned by the State. We must ensure the benefits are sustainable. If we continue to fall below the 60-day threshold, the plan can be questioned. This last year we had a substantial number of high costs claimants. There is a big difference between active and retiree pharmacy usage. We have all the cost controls in place that we can have for pharmacy costs. It has been a very difficult year. Not changing plans in 23 years is unheard of in the insurance world. The health plan is no longer sustainable. We had to make changes and increase premiums. We must have affordable premiums to attract and retain talent and have affordable plans for retirees. We have 30 retirees who have never paid for Medicare. We are keeping them whole. For the retirees on Medicare Part A and Part B there are things Medicare will not pay for. The pharmacy benefit is

the biggest benefit for retirees. There is no other coverage for the active employees. Retirees who are in Medicare Part A and Part B do have other options.

Commissioner Guy LaLonde asked about United Health Care (UHC) and Lakeland Regional negotiations. They are still negotiating.

Commissioner Guy LaLonde asked if retirees use the City's clinic? No, the City is currently negotiating with Concentra. Based on the location and size, retirees are unable to use the clinic. Staff would need to review claims benefits to decide who would be best to include in the City's clinic.

Commissioner Guy LaLonde asked what the deductible increases would be in the new plan.

Commissioner Guy LaLonde asked if there is a cancer insurance policy offered to employees? There is a critical illness plan that employees can purchase.

Commissioner Terry Coney stated the City is planning a 75-day reserve, is that what we have always used?

Mike Brossart explained there were many years the City did not have enough in the reserves to cover the plan. We had to sign a letter explaining we had enough in the regular reserves to cover the 60 days. The City started overfunding the plan on the city side 10 years ago. At one point we were closer to a 90-day safe harbor. During COVID people put off procedures. After COVID claims began to increase and costs began to increase. Retirees who are eligible for Medicare, the City would like them to consider picking up the Part D supplemental plan. His example was that it was cheaper to purchase Medicare Part D.

Commissioner Terry Coney asked if the 75 days vs. 60 days increased premiums. They were targeting above the line for security reasons. They did not want to have the lowest amount reserve. Patients going to the new hospital may incur higher rates.

Mayor Sara Roberts McCarley: A razor thin margin is not a good idea. Yet these are significant impacts to retirees and employees. Why is this landing on our desk at this point?

Shawn Sherrouse explained as we have been educating clients, we have been hearing concerns and anxiety over this. We knew individuals were coming tonight to ask questions. We were trying to educate the Commission on questions they were going to hear tonight.

Mike Brossart explained the problem has been rectified. It is in the budget presented tonight. We were trying to educate the Commission in advance of the questions and comments they are going to hear from the public tonight.

Commissioner Guy LaLonde stated we have never discussed this before.

Commissioner Chad McLeod explained that in previous years we have not had these types of increases. Last year the increase was 13.5% for the City and 13% for employees. This year we are impacting this group of clients (retirees).

PUBLIC HEARINGS

Ordinances (Second Reading)

Ordinance 6160; Proposed 26-030; Ad Valorem Millage Rate for 2026-2027 Fiscal Year

AN ORDINANCE RELATING TO AD VALOREM TAXATION; ESTABLISHING THE MILLAGE RATE FOR THE CITY OF LAKE LAND, FLORIDA, FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2026, AND ENDING SEPTEMBER 30, 2027; PROVIDING FOR THE LEVY OF AD VALOREM TAXES; FINDING THE MILLAGE RATE IS 3.33% GREATER THAN THE ROLLED BACK RATE; PROVIDING AN EFFECTIVE DATE.

Palmer Davis read the title. This is the City of Lakeland millage rate of 5.3234 mills

Motion: Commissioner Ashley Troutman moved to approve the ordinance. Commissioner Mike Musick seconded.

Mayor Sara Roberts McCarley asked for comments from the Commission and the audience. There were no comments from the Commission.

Karen Lukhaub retiree came forward. She used to oversee the City's health plan. She requested that the premium reduction for spouses on Medicare not be eliminated. Without the premium reduction retirees will pay \$1,440.52 per month in insurance premiums. The combination of changes will force retirees to choose to drop their coverage with the City or go into another plan. She encouraged active employees to make note of this change as it will impact them in the future. There were many retirees here tonight who will be greatly impacted. In summary, please reconsider and do not remove the Medicare premium reduction for spouses. She encouraged the City to evaluate the impact of the plan redesign before removing the premium reduction.

Michael Stewart, power plant retiree was under 65 and not eligible for Medicare. The new premium would be \$20,000. If a retiree leaves the city's plan, they can never come back. In 2001, there were major changes made to the pension plan and healthcare. The City used to subsidize health care by up to 60% based on years of service. Now the maximum subsidy is \$150 per month. The State of Florida changed their subsidy too. Pensions no longer get COLAs either. Many retirees never paid into social security or Medicare. They are in a hard spot.

Nicole Aldahonda asked where the infrastructure money is being spent. Are they spending any money on Lake Bonny? There are still many people not in their houses or their houses have mold. Nothing has been addressed. She is still seeking assistance. The old infrastructure needs to be addressed. She called everyone and is getting no help. Her house is sinking. She was not informed about previous flooding. There needs to be more accountability amongst realtors. She asked for a natural seawall to help with the wake.

Franklin Cruz, the manager of True Investment Development, spoke about infrastructure. There are parts of infrastructure underground that are over 100 years old. Less than 4% of the property tax goes to infrastructure. Where is all the money going? If you go to 717 W 14th St, you will see that our new lines connected to the City's clay pipe. It blew up. How much of the clay pipe is still in use. One out of 3 homes in Lakeland have no record at all. We need to prioritize the pipes under the City. Our kids and grandkids will have to deal with this old infrastructure. There were over 23,000 undocumented homes that have their pipes connected.

Action: Upon roll call vote Commissioners Chad McLeod, Terry Coney, Stephanie Madden, Mike Musick, Ashley Troutman, Guy LaLonde and Mayor Sara Roberts McCarley voted aye. Ayes-seven. Nays-zero. The motion carried unanimously.

Ordinance 6161; Proposed 26-031; Appropriations; Budget for 2026-2027 Fiscal Year

AN ORDINANCE RELATING TO APPROPRIATIONS; PROVIDING FOR THE APPROPRIATION OF MONIES FOR THE CITY OF LAKE LAND, FLORIDA, FOR VARIOUS PURPOSES FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2026 AND ENDING SEPTEMBER 30, 2027; PROVIDING AN EFFECTIVE DATE.

Palmer Davis read the title.

Motion: Commissioner Mike Musick moved to approve the ordinance. Commissioner Chad McLeod seconded.

Mayor Sara Roberts McCarley asked for comments from the Commission and the audience. There were no comments.

Action: Upon roll call vote Commissioners Guy LaLonde, Mike Musick, Ashley Troutman, Stephanie Madden, Terry Coney, Chad McLeod, and Mayor Sara Roberts McCarley voted aye. Ayes-seven. Nays-zero. The motion carried unanimously.

City Commission Compensation

City Commission – No Action

MAYOR AND MEMBERS OF THE CITY COMMISSION

Commissioner Chad McLeod thanked City staff for coming out tonight and their work in this budget process. He thanked Mike Brossart for his role. He wished him the best as he moved on.

Commissioner Terry Coney explained this was his first time through the budget process. He appreciated the work staff puts in. He appreciated the citizens who came out and spoke today. We do not take your comments lightly. These things are very difficult. We would like to have the money to take care of all that infrastructure. We have a prioritized list, but funding is difficult.

Commissioner Ashley Troutman thanked everyone for coming out and participating. He was interested in looking for ways to bring relief for retirees. Those needs are not taken lightly. Regarding the infrastructure comments, we want to make sure we find creative ways to solve these problems.

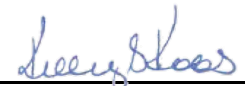
Commissioner Guy LaLonde thanked staff for their hard work. He thanked the citizens who came out and spoke. He wished Mike Brossart all the best.

Mayor Sara Roberts McCarley stated that the 4% for infrastructure was from the General Fund not the entire budget. The City is only as good as the citizens that come out and participate. She spoke about Amendment 3 and asked staff to be as frugal as they can. She wanted the citizens to know the Commission is listening and taking notes and the citizen comments matter to them. We are restrained by regulations in the form of unfunded mandates. In several discussions she had this week she wanted to make it clear there are buckets of money that come in and we are tasked with requirements that come without funding. The Free State of Florida does not mean that things do not cost money. There is no state income tax. There are not sufficient revenue streams to cover the services like infrastructure and roads. We do have an audience portion of the meeting where you can address the commission on any topic.

AUDIENCE

Nicole Aldahonda continued talking about her home. She needs a wake zone. She wanted a natural sea wall to contain the lake and protect her home. Their land and home is collapsing. Her house was under 5 ft of water. Her neighbor's house is gone. Whoever paid for SEU containment wall, explained it was for massive erosion. The rest of the lake needs the same consideration. She continued to ask for help.

CALL FOR ADJOURNMENT – 7:41 p.m.



Kelly S. Koos, MMC
City Clerk

