Palm Harbor Fire Rescue

Proposed Budget

Fiscal Year 2026-2027

Contents

Introduction 3
Revenue 4
Personnel Expenses 5
Operating Expenses 6
Capital Expenses 7
Reserve Funding 8
Reserve Account Balances 9
Appendix A 11

Introduction

Palm Harbor Fire Board of Commissioners,

I am pleased to present the Palm Harbor Special Fire Control and Rescue District (PHFR) FY 2026–2027 Annual Budget and Capital Improvement Plan. This budget reflects our continued commitment to fiscal responsibility while ensuring the District has the resources necessary to protect lives and property and provide a high level of service to our community.

The District remains fiscally healthy. The total proposed budget is $22,757,839, an increase of $738,949, or 1.97%, from the prior year. The budget includes the use of $847,400 from Capital Reserves for capital improvement projects.

The District's primary revenue source, ad valorem taxes, increased by a modest 4.31%, despite an approximately $300 million decrease in just property value. This decrease is a lingering effect of the 2024 hurricane season and includes properties removed from the tax roll due to storm-related damage. At the same time, taxable value increased by approximately $321 million, driven primarily by new construction, which accounted for approximately $150 million, and by the reassessment of properties following sales previously protected by the State's Save Our Homes provisions.

The most significant issue affecting this year's budget is the potential impact of the pending referendum addressing the homestead exemption and other components of Florida's ad valorem taxation system. If approved, the proposed changes are projected to reduce District revenue by approximately $3.3 million in FY 2027–2028, increasing to approximately $5.4 million annually by FY 2028–2029.

Because of this uncertainty, the District has taken a conservative approach to recurring expenditures. Current expenses have been carefully evaluated, and future increases that create ongoing financial obligations have been limited. Although funding for additional personnel is included in the proposed budget, no new positions will be filled until greater certainty exists regarding the proposed property tax changes and their financial impact on the District.

Budget development continues to be a collaborative effort, with division leaders evaluating programs, prioritizing needs, and identifying opportunities to improve service delivery while controlling costs.

I want to thank our staff and members for their participation in the budget process and for their continued focus on providing quality service to the Palm Harbor community. This budget positions the District to meet our current operational needs while remaining cautious and prepared for the significant financial challenges that may lie ahead.

Respectfully,

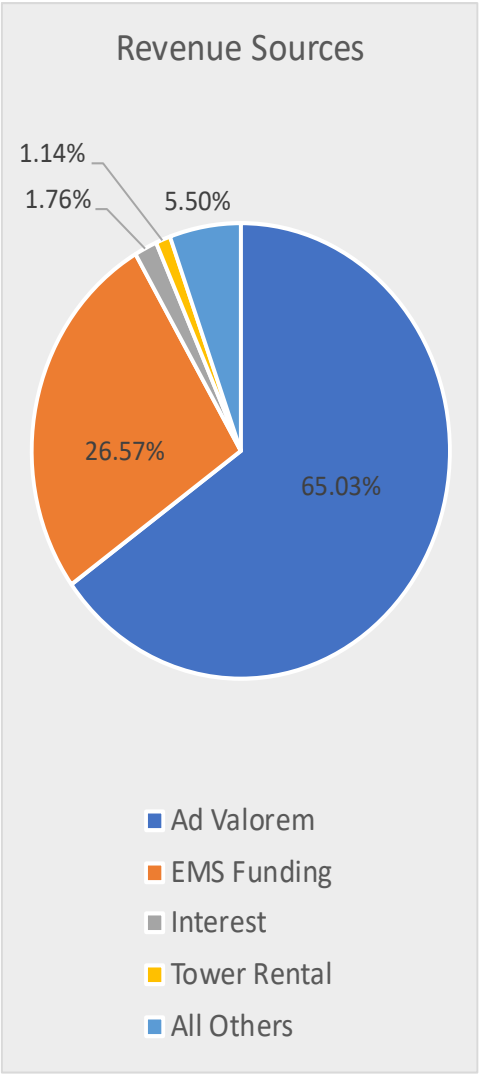
Scott J. Sanford

Revenue

Property taxes remain the District's primary funding source. District ad-valorem revenue and EMS funding provided by Pinellas County, which is also funded through property taxes, combine to account for approximately 91.60% of total available funding. This reliance on property taxes leaves the District particularly vulnerable to proposed changes to Florida's property tax structure.

The budget includes $847,400 from Capital Reserves, including $800,000 to continue the conversion of the former Station 68 into a dedicated training facility. This represents a planned use of reserves for a long-term capital investment rather than recurring operating expenses. All other revenue sources remain relatively stable.

Revenue Source	FY 25/26 Adopted	FY 25/26 Projected	FY 26/27 Proposed	Percentage Change
Ad Valorem	$14,203,380	$14,184,045	$14,800,325	4.20%
EMS Funding	$5,352,819	$5,352,819	$6,045,972	12.95%
PC Specialty Teams Reimbursement	$81,000	$77,500	$77,500	-4.32%
PC Instructor Reimbursement	$90,000	$93,317	$90,000	0.00%
Health Insurance Reimbursement	$130,000	$84,385	$110,000	-15.38%
Interest	$400,000	$566,439	$400,000	0.00%
Grants	$0	$0	$0	0.00%
Tax Collector Rebate	$72,244	$77,098	$74,412	3.00%
Misc Income	$15,000	$30,739	$15,000	0.00%
Tower Rental	$252,000	$261,336	$259,560	3.00%
Transfer Capital Reserves	$1,685,000	$0	$847,400	-49.71%
Sale of Capital Equipment	$0	$6,500	$0	0.00%
Infrastructure Sales Tax	$0	$1,815,050	$0	0.00%
Fees For Service	$30,000	$22,269	$30,000	0.00%
Annexed Property Fees	$7,447	$7,447	$7,670	2.99%
TOTAL FUNDS AVAILABLE	$22,318,890	$22,578,839	$22,757,839	1.97%

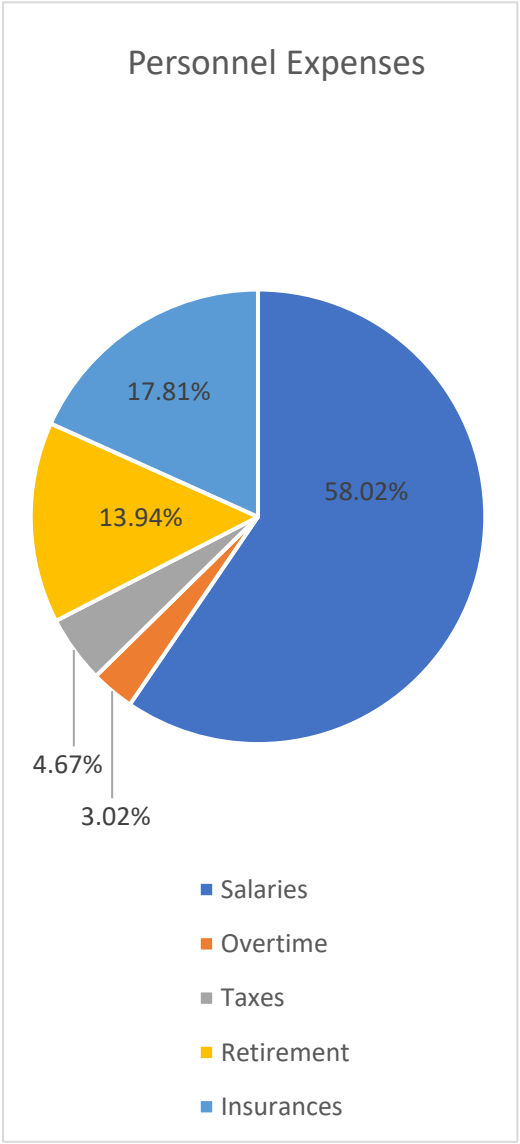


Personnel Expenses

Personnel expenses account for 72.65% of the overall budget and are projected to increase by 7.52% over the prior year. The District remains in negotiations for a new collective bargaining agreement, and the proposed budget reflects anticipated staffing changes associated with those negotiations.

The District has not yet received its health insurance renewal rate and has been advised to anticipate a higher-than-normal increase. The increase in Post-Employment Health Plan funding reflects a projected increase in the number of participants. Additionally, the District elected not to renew its Long-Term Disability Insurance due to limited utilization and increasing costs.

Personnel Expenses	FY 25/26 Budget	FY 25/26 Projected	FY 26/27 Proposed	Percentage Change
Salary - Commissioners	$30,000	$30,000	$30,000	0.00%
Salary - Executive	$1,494,914	$1,281,423	$1,674,304	12.00%
Salary - Shift	$6,771,128	$6,178,098	$7,380,530	9.00%
Salary - 40/PT	$535,065	$488,293	$508,312	-5.00%
Overtime	$525,000	$455,995	$500,000	-4.76%
FICA Matching	$715,742	$641,887	$772,126	7.88%
FRS Retirement Acct	$99,700	$92,603	$62,500	-37.31%
PHFD Pension Plan	$2,009,540	$2,009,540	$2,241,902	11.56%
Group Health	$2,382,858	$2,291,529	$2,643,770	10.95%
Employee Conversion	$286,979	$253,892	$295,589	3.00%
Worker's Compensation	$351,986	$292,663	$300,000	-14.77%
Post-Employment Health Plan	$109,180	$0	$123,834	13.42%
Long-Term Disability Insurance	$64,890	$62,161	$0	-100.00%
Total Personnel Expenses	$15,376,984	$14,078,084	$16,532,866	7.52%



Operating Expenses

The FY 2026–2027 operating budget represents 10.86% of the overall budget and is comprised of 51 individual line items grouped into nine major expense categories: accreditation, services & fees, technology, utilities, equipment & supplies, maintenance, education, fire prevention, and insurance. A detailed breakdown is provided in Appendix A.

Each line item was reviewed as part of the budget process, with adjustments made based on current operational needs, prior-year utilization, and anticipated financial pressures associated with pending legislative reform. The following provides additional context for the more significant changes reflected in the budget:

- **Accreditation:** Funding was reduced. While the District continues to support the accreditation process, accreditation is not required and expenditures were adjusted in light of other funding priorities.
- **Services & Fees:** This category represents the largest dollar increase, primarily due to the continued growth of subscription-based platforms and funding for the non-ad valorem assessment study.
- **Technology:** Funding was reduced based on purchases completed in prior years and the delayed implementation of the CAD system.
- **Education:** Funding was reduced primarily through an adjustment to the Employee Fund based on historical utilization. These funds are derived from cell tower agreements and support specialized training and professional development opportunities.
- **Fire Prevention:** Funding was increased last year for the District's 70th Anniversary activities, and returned to normal for this budget year.

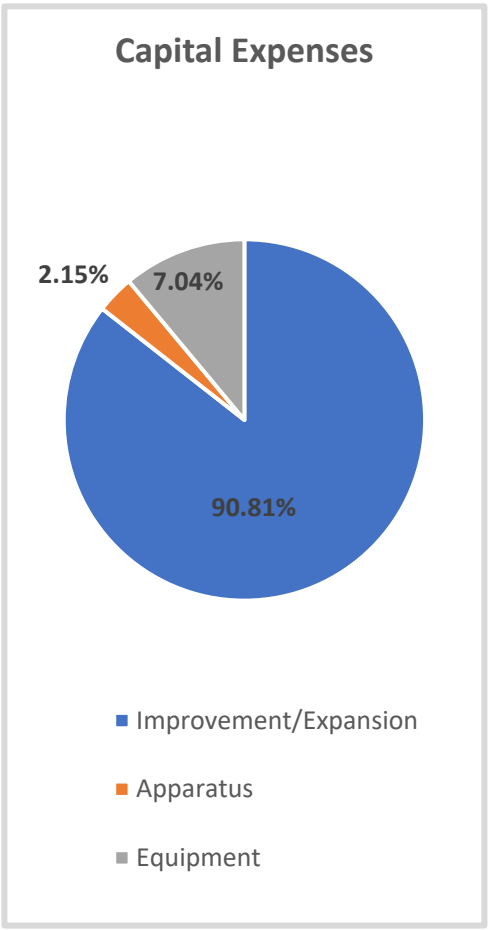
Operating Expenses	**FY 25/26 Budget**	**FY 25/26 Projected**	**FY 26/27 Proposed**	**Percentage Change**
Accreditation	$45,000	$2,415	$5,000	-88.89%
Services & Fees	$676,255	$671,778	$797,524	17.93%
Technology	$162,750	$63,946	$100,000	-38.56%
Utilities	$126,285	$109,633	$117,700	-6.80%
Equipment & Supplies	$342,110	$323,073	$334,625	-2.19%
Maintenance	$516,460	$510,936	$527,750	2.19%
Education	$250,841	$166,417	$208,525	-16.87%
Fire Prevention	$31,361	$21,831	$22,200	-29.21%
Insurances	$345,845	$306,513	$359,250	3.88%
Total Operating Expense	**$2,496,906**	**$2,176,572**	**$2,472,574**	**-0.97%**

Capital Expenses

Capital expenses decreased by 22.59% this year, primarily due to the completion of the Self-Contained Breathing Apparatus (SCBA) purchase. The improvement/expansion line includes $2,000,000 to convert the former Station 68 into a dedicated training facility, further strengthening the District's training capabilities and its commitment to employee development. Of this amount, $800,000 will be funded through reserves.

The budget also includes funding to replace the Public Education vehicle, which has reached the end of its service life. The replacement vehicle will also be funded through reserves.

Capital Expenses	FY 25/26 Budget	FY 25/26 Projected	FY 26/27 Proposed	Percentage Change
Furnishings - Equipment	$20,000	$13,079	$15,000	-25.00%
Fire Equipment	$655,000	$586,975	$75,000	-88.55%
EMS Equipment	$5,000	$421	$2,5000	-50.00%
Office Equipment	$5,000	$13,344	$5,000	0.00%
Communication Equipment	$25,000	$24,500	$27,500	10.00%
Large Appliances	$10,000	$10,098	$10,000	0.00%
Fitness Equipment	$25,000	$21,452	$20,000	-20.00%
Improvement/Expansion	$2,000,000	$748,544	$2,000,000	0.00%
Replacement Vehicle - Staff	$100,000	$94,720	$47,400	-52.60%
Replacement Apparatus	$0	$0	$0	0.00%
Total Capital Expenses	$2,845,000	$1,513,133	$2,202,400	-22.59%



Reserve Funding

The District established a reserve policy approximately ten years ago to prepare financially for future large-scale expenses, both planned and unplanned. Significant progress has been made toward meeting long-term funding goals.

- **Contingency Reserves:** Funded at 1%–1.5% of personnel and operating costs, adjusted annually. The District recently designated a contingency reserve account and funded it with $300,000, which was placed in an interest-bearing account to reduce future obligations. No changes are recommended at this time.
- **Capital Reserves:** Due to the rising cost of fire apparatus, the required annual funding is now approximately $1.2 million and growing. This reserve line item is restricted to fleet replacement and does not currently include station replacement or expansion. Staff recommends developing a long-term plan to address funding needs for future station replacement and expansion projects, as construction and facility costs continue to escalate.
- **Sick/Vacation Reserves:** Adjusted annually with a target of 9% of total salaries. Recent changes through collective bargaining reduced the number of hours eligible for payout at separation, lowering long-term obligations. Staff believes this reserve is now self-sustaining, and no changes are recommended.
- **Operating Reserves:** Adjusted annually to cover two months of personnel and operating expenses. This year, the District will achieve its funding goal; however, based on recent hurricane experience, staff recommend increasing the target to three months of reserves.
- **SCBA Reserves:** SCBA equipment is maintained on a ten-year replacement cycle and was replaced during the prior fiscal year. Due to the deferral of other planned capital projects, the replacement was completed without the use of designated reserve funds. As a result, the existing SCBA reserve balance provides a strong foundation for funding the next scheduled replacement cycle. Staff will continue to evaluate projected replacement costs and adjust annual reserve contributions as necessary to ensure adequate funding is available when replacement is required.

Reserve Funding	FY 25/26 Budget	FY 25/26 Projected	FY 26/27 Proposed	Percentage Change
Contingency Reserves	$0	$0	$0	0.00%
Capital Reserves	$1,200,000	$1,200,000	$1,250,000	4.17%
Sick/Vacation Reserves	$0	$0	$0	0.00%
Operating Reserves	$400,000	$400,000	$300,000	-25.00%
SCBA	$0	$0	$0	0.00%
Total Reserve Funding	**$1,600,000**	**$1,600,000**	**$1,550,000**	**-1.62%**

Reserve Account Balances

Reserve Accounts	Beginning Balance	FY 25/26 Budget	FY 25/26 Expenses	FY 25/26 Balance	Target Balance	Difference	Notes
Contingency	$332,315	$0	$0	$342,284	$285,082	$57,203	Contingency reserves are kept liquid in an interest-bearing account.
Capital	$8,198,762	$1,250,000	$847,400	$8,601,362	$11,849,571	-$3,248,209	Expenses this year include the replacement of the Fire Prevention vehicle and $800K for the Station 68 training project.
Sick/Vacation	$871,733	$0	$0	$897,885	$956,315	-$58,430	
Operating	$3,422,366	$300,000	$0	$3,722,366	$3,167,573	$554,793	
SCBA	$610,400	$0	$0	$634,123	$954,542	-$320,419	
	$13,126,984	$1,550,000	$47,400	$14,998,020	$17,213,083	-$3,015,062	
Total Reserves							$14,998,020
Reserves Needed							$17,213,083
Difference							($3,015,062)

CAPITAL IMPROVEMENT PROJECTS

** Future Costs are Estimates

	Apparatus FY27 - FY37						26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37
			Purchase	Sched	Updated	Anticipated											
		Year	Price	Repl.	Repl.	Replacement											
				Year	Year	Cost**											
052	Ford Utility U68	2005	36000	2017	2028	78,583		78,583									
144	E-One Engine P65	2014	585076	2026	2027	1,164,555	1,164,555										
145	E-One Engine P67	2014	585076	2026	2028	1,164,555		1,164,555									
155	LMTV B68	2015	50000	2030		250,000				250,000							
162	Ameracat FB66	2016	100000	2026	2028	195,000		214,500									
191	D/C Tahoe D65	2026	98500	2033		132,000							132,000				
192	E-One Engine E65	2019	635000	2029		1,269,365			1,269,365								
202	Key West Boat M66	2021	45000	2031		83,380					83,380						
225	E-One 78' Quint T67	2022	1041054	2032		2,464,554						2,464,554					
247	Pierce Enforcer E66	2023	825000	2033		1,953,075							1,953,075				
246	Pierce Enforcer E68	2023	825000	2033		1,953,075							1,953,075				
245	Pierce Heavy Rescue	2023	850000	2033		1,649,000							1,649,000				
253	Wheeled Coach R65	2025	365000	2030		561,598				561,598							
	Total FY27 - FY37					12,938,239	1,164,555	1,457,638	1,269,365	811,598	83,380	2,464,554	5,687,150	0	0	0	0
	Less Trade-in					1,545,000	100,000	185,000		250,000		10,000	350,000	750,000			
	Total Per-Year					1,139,324											
	Staff Vehicles FY26- FY36						26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37
			Purchase	Sched	Updated	Anticipated											
		Year	Price	Repl.	Repl.	Replacement											
				Year	Year	Cost**											
154	Pub Education Van	2015	26,500	2022	2027	47,420	47,420										
172	Chevy P/U	2017	38,500	2024	2028	81,584		81,584									
181	Fire Marshal (400)	2018	47,011	2025	2028	66,149		72,929									
213	EMS Chief (500)	2021	52,250	2028		73,521		73,521									
231	EMS Assistant (501)	2023	54,863	2030		81,584				81,584							
232	Training Chief (300)	2023	54,863	2030		81,584				81,584							
248	Chief Car (100)	2024	55,750	2031		78,446					78,446						
251	Dep Chief Ops (600)	2024	55,750	2031		80,405					80,405						
249	Dep Chief Spt (200)	2024	55,750	2031		80,405					80,405						
252	Fire Prevention (401)	2025	44,527	2032		61,805						61,805					
254	EMS LR	2025	75,000	2032		92,115						92,115					
	Total FY27- FY37					831,796	47,420	228,034	0	163,167	239,255	153,920	0	0	0	0	0
	Less Trade ins					177,000	3,500	33,500		0	40,000	75,000	25,000				
	Total Per-Year					93,542											
	Total CIP					12,048,035	1,108,475	1,467,172	1,269,365	724,765	282,635	2,533,474	5,312,150	-750,000	0	0	0
	Total CIP Per-Year					1,204,804											

Appendix A

Revenue

Source		FY 25-26 Budget	FY 25-26 Projected	FY 26-27 Proposed	Percentage Increase
1	Ad Valorem	$14,203,380	$14,184,045	$14,800,325	4.20%
2	EMS Funding	$5,352,819	$5,352,819	$6,045,972	12.95%
3	PC Specialty Teams Reimbursement	$81,000	$77,500	$77,500	-4.32%
4	PC Instructor Reimbursement	$90,000	$93,317	$90,000	0.00%
5	Health Insurance Reimbursement	$130,000	$84,385	$110,000	-15.38%
6	Interest	$400,000	$566,439	$400,000	0.00%
7	Grants	$0	$0	$0	0.00%
8	Tax Collector Rebate	$72,244	$77,098	$74,412	3.00%
9	Misc. Income	$15,000	$30,739	$15,000	0.00%
10	Tower Rental	$252,000	$261,336	$259,560	3.00%
11	Transfer Capital/Operating Reserves	$1,685,000	$0	$847,400	-49.71%
12	Sale of Capital Equipment	$0	$6,500	$0	0.00%
13	Infrastructure Sales Tax	$0	$1,815,050	$0	0.00%
14	Fees For Service	$30,000	$22,269	$30,000	0.00%
15	Annexed Property Fees	$7,447	$7,447	$7,670	2.99%
TOTAL FUNDS AVAILABLE		$22,318,890	$22,578,944	$22,757,839	1.97%

Expenses

Personnel Costs		FY 25-26 Budget	FY 25-26 Projected	FY 26-27 Proposed	Percentage Increase
17	Salary - Commissioners	$30,000	$30,000	$30,000	0.00%
18	Salary - Executive	$1,494,914	$1,230,078	$1,674,304	12.00%
19	Salary - Shift	$6,771,128	$6,605,451	$7,380,530	9.00%
20	Salary - 40/PT	$535,065	$500,875	$508,312	-5.00%
21	Overtime	$525,000	$488,050	$500,000	-4.76%
22	FICA Matching	$715,742	$650,917	$772,126	7.88%
23	FRS Retirement Acct	$99,700	$57,466	$62,500	-37.31%
24	PHFD Pension Plan	$2,009,540	$2,009,540	$2,241,902	11.56%
25	Group Health	$2,382,858	$2,337,705	$2,643,770	10.95%
26	Employee Conversion	$286,979	$253,892	$295,589	3.00%
27	Worker's Compensation	$351,986	$292,663	$300,000	-14.77%
28	Post Employment Health Plan	$109,180	$0	$123,834	13.42%
29	Long Term Disability Insurance	$64,890	$52,161	$0	-100.00%
30	Total Personnel Costs	$15,376,984	$14,508,798	$16,532,866	7.52%
Operating Expenses		FY 25-26 Budget	FY 25-26 Projected	FY 26-27 Proposed	Percentage Increase
31	Accreditation	$45,000	$2,415	$5,000	-88.89%
32	Professional Services	$130,800	$172,579	$239,500	83.10%
33	Property Appraiser	$95,500	$90,095	$100,000	4.71%
34	Ad Valorem Fee	$296,855	$274,100	$309,524	4.27%
35	Auditing Services	$37,500	$27,844	$36,000	-4.00%
36	Legal Fees	$27,500	$18,037	$27,500	0.00%
37	Pre-Employment Processing	$12,500	$8,650	$10,000	-20.00%
38	Med/Health Services	$75,600	$80,473	$75,000	-0.79%
39	Computer Hardware/Software	$162,750	$63,946	$100,000	-38.56%
40	Telephone	$12,285	$15,824	$12,800	4.19%
41	Cable Internet	$18,500	$10,917	$15,000	-18.92%
42	Electricity	$60,000	$47,343	$55,000	-8.33%

43	Water/Sewer	$28,000	$29,215	$29,400	5.00%
44	Trash Collection	$7,500	$6,364	$5,500	-26.67%
45	Postage	$3,000	$432	$3,000	0.00%
46	Fuel	$117,500	$116,727	$120,000	2.13%
47	Printing	$4,500	$3,396	$4,725	5.00%
48	Office Supplies	$8,000	$11,653	$8,400	5.00%
49	Furnishings < $ 3000	$6,500	$2,417	$5,000	-23.08%
50	Fire Equipment < $3000	$9,750	$8,684	$8,500	-12.82%
51	EMS Equipment < $3000	$3,500	$1,113	$2,500	-28.57%
52	Office Equipment < $3000	$1,910	$1,487	$2,000	4.71%
53	Communication Equipment < $3000	$4,000	$4,959	$3,500	-12.50%
54	Appliances < $3000	$6,500	$5,826	$6,500	0.00%
55	Fitness Equipment < $3000	$2,700	$2,264	$2,500	-7.41%
56	Emergency Management Sup	$1,750	$756	$1,500	-14.29%
57	Custodial Supplies	$15,000	$13,018	$14,000	-6.67%
58	Misc. Operating Expenses	$20,000	$10,579	$15,000	-25.00%
59	Clothing/Uniforms	$24,500	$27,397	$27,500	12.24%
60	Personal Protective Equip (PPE)	$113,000	$112,365	$110,000	-2.65%
61	Repair & Maint Bldg.	$250,000	$136,451	$250,000	0.00%
62	Repair & Maint Equipment	$40,000	$48,594	$42,000	5.00%
63	Repair & Maint Fleet	$171,360	$252,996	$185,000	7.96%
64	Repair & Maint Radio	$25,000	$52,577	$26,250	5.00%
65	Lawn Maintenance Contract	$27,600	$19,778	$23,500	-14.86%
66	Rental-Equipment	$2,500	$540	$1,000	-60.00%
67	Training < $3000	$2,315	$2,082	$2,500	7.98%
68	Books/Publication/Subscriptions	$1,500	$1,277	$2,000	33.33%
69	Memberships/Recertifications	$14,500	$14,578	$13,500	-6.90%
70	Bd of Comm Expenses	$21,750	$22,661	$22,800	4.83%
71	Incentive Program	$51,275	$43,082	$54,000	5.31%
72	Training and Education	$60,000	$40,751	$63,000	5.00%
73	Travel & Per Diem	$12,500	$10,705	$13,125	5.00%

74	Travel & Per Diem Staff	$12,000	$12,892	$12,600	5.00%
75	Employee Fund	$75,000	$18,389	$25,000	-66.67%
76	Community Outreach Programs	$19,595	$13,494	$10,000	-48.97%
77	Public Education < 3000	$7,658	$6,929	$7,500	-2.06%
78	Fire-Prev < 3000	$1,908	$569	$2,500	31.04%
79	Fire-Prev - Books/Publication	$2,200	$839	$2,200	0.00%
80	Ins. Land and Building	$310,000	$275,351	$322,000	3.87%
81	Ins. Acc. & Sp. Risk	$35,845	$31,162	$37,250	3.92%
82	Total Operating Costs	$2,496,906	$2,176,572	$2,472,574	-0.97%
Capital Outlay		FY 25-26 Budget	FY 25-26 Projected	FY 26-27 Proposed	Percentage Increase
83	Furnishings - Equipment	$20,000	$13,079	$15,000	-25.00%
84	Fire Equipment	$655,000	$586,975	$75,000	-88.55%
85	EMS Equipment	$5,000	$421	$2,500	-50.00%
86	Office Equipment	$5,000	$13,344	$5,000	0.00%
87	Communication Equipment	$25,000	$24,500	$27,500	10.00%
88	Large Appliances	$10,000	$10,098	$10,000	0.00%
89	Fitness Equipment	$25,000	$21,452	$20,000	-20.00%
90	Improvement/Expansion	$2,000,000	$748,544	$2,000,000	0.00%
91	Replacement Vehicle - Staff	$100,000	$94,720	$47,400	-52.60%
92	Replacement Apparatus	$0	$0	$0	0.00%
93	Total Capital Outlay	$2,845,000	$1,513,133	$2,202,400	-22.59%
Reserve Funding		FY 25-26 Budget	FY 25-26 Projected	FY 26-27 Proposed	Percentage
94	Contingency Reserves	$0	$0	$0	0.00%
95	Capital Reserves	$1,200,000	$1,200,000	$1,250,000	4.17%
96	Sick/Vacation Reserves	$0	$0	$0	0.00%
97	Operating Reserves	$400,000	$400,000	$300,000	-25.00%
98	SCBA Replacement	$0		$0	0.00%
99	**Total Reserve Funding**	$1,600,000	$1,600,000	$1,550,000	-3.13%
TOTAL EXPENSES		$22,318,890	$19,798,503	$22,757,839	1.97%