

**MINUTES
WORKSHOP
DESTIN CITY COUNCIL
JUNE 9, 2025
ANNEX COUNCIL CHAMBERS
6:00 PM**

The Council of the City of Destin met in special session with the following members and staff present:

Destin City Council

Mayor Pro Tem Dewey Destin
Councilmember Kevin Schmidt
Councilmember Sandy Trammell

Councilmember Jim Bagby
Councilmember Terésa Hebert

City of Destin Staff

City Manager Larry Jones
Exec Asst to the City Manager Sheri Bethea
Parks and Recreation Director Lisa Firth
Projects/Grants/Contract Manager Jeffrey Cozadd
Deputy Comm Dev Director Steve O'Connor
Records Specialist Sharon Garner
Community Dev Director David Pritchard
City Attorney Kimberly Kopp

Deputy City Clerk Kim Montgomery
Public Information Director Tamara Young
Finance Director Krystal Strickland
IT Director Andy Peters
Library Director Wen Livingston
Public Works Director Michael Burgess
HR Director Jaime Haynes
City Engineer Robert Tomasek

WORKSHOP

A. Fiscal Year 2026 Budget Cycle

The City Manager began the workshop by presenting the preliminary FY26 operating budget with a theme of “preserving our heritage and protecting our future through good decisions. He emphasized that while the budget was still in draft form, it reflected thoughtful planning aimed at sustainability.



Council Objectives

CRITICAL PRIORITIES:

1.1 Offer livable wages & benefits to attract and maintain high caliber, qualified staff

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2026 Budget Highlights

- Ad Valorem:
 - Uncertified taxable values rose 5%
- Operating Expenses – Decreased 3%
- Personnel – 7% Increase
 - Wages – 3% Increase (removed positions, added COLA 3%, Merit 3%)
 - Benefits – 17% Increase (FRS & Social Security)

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Retirement

PERSONNEL	FRS	ThriftPlan	\$ variance	% variance
Wages	\$ 7,828,971	\$ 7,828,971	\$ -	0%
FICA (medicare, social security)	594,234	146,021	448,214	307%
Retirement	1,232,851	970,971	261,880	27%
Insurance (health, dental, disability, workers comp, life...)	1,686,663	1,686,663	-	0%
TOTAL	\$ 11,342,719	\$ 10,632,625	\$ 710,093	7%

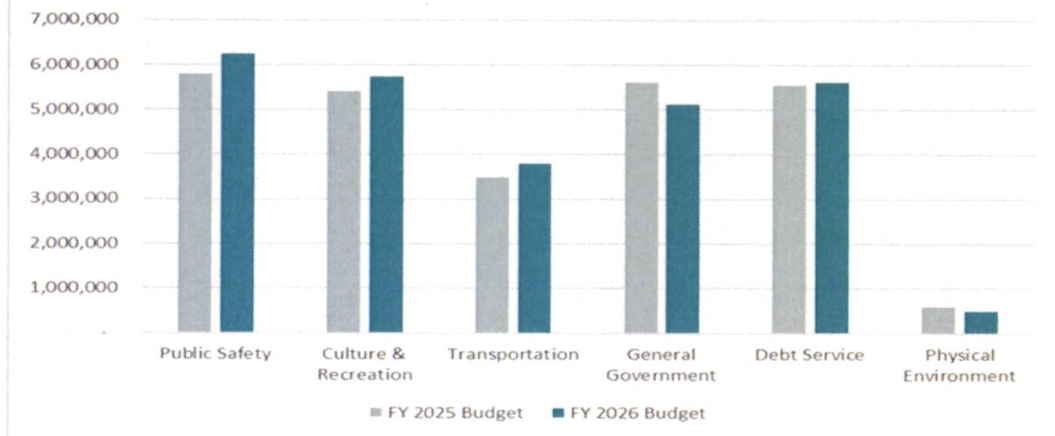
*Florida Retirement System -13.63% FRS + 6.2% Social Security (19.83%)
1 year vest "investment plan"//8 years vest "pension plan"

*Thrift Plan - 7.5% base + 5% match (12.5%) Require 1000 work hours
7.5% no vesting schedule (in lieu of SS)//match on 7-year vesting plan

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FY26 Proposed Operating Budget Vs FY25 Operating Budget (by Function)

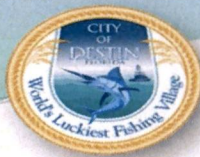
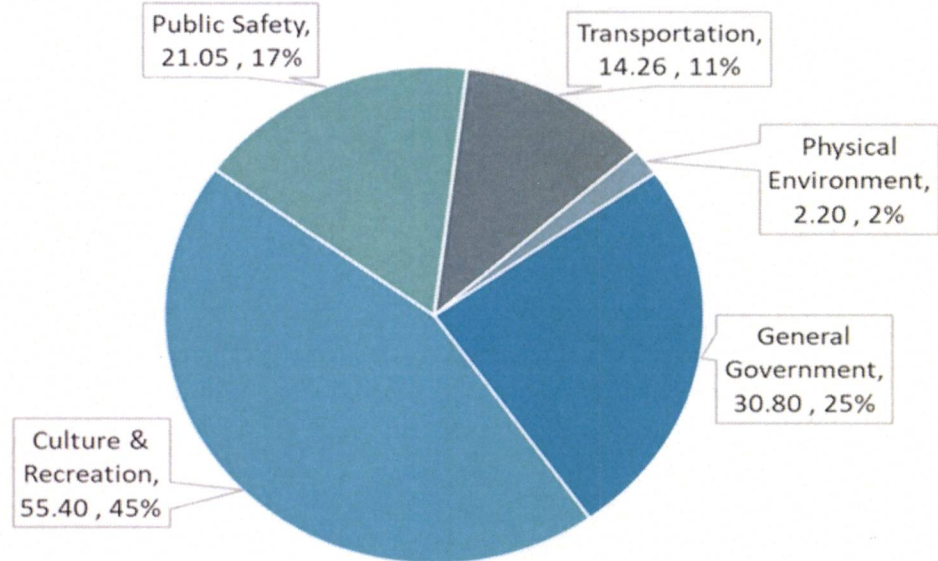


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Personnel

2026 Proposed FTEs (124.2)
(2025 budgeted 127.08)



Next Steps:

July 1: Attain certified values from Property Appraiser

July 14: Budget Workshop#2 – Capital Projects

July 21: Council Adopts Tentative Millage Rate

July 25 – 31: Detailed Budget Briefings

September 3 & 15: Budget Hearings

DISCUSSIONS:

The City Manager noted that the proposed operating budget totals \$27.3 million, a 2% increase from the previous year's \$26.88 million. Key allocations include:

- 38% to Operating Expenses
- 29% to Staff Wages
- 20% to Debt Service
- 13% to Taxes and Benefits

He also pointed out a 3% wage increase to accommodate COLA and merit adjustments. However, benefits are seeing a 17% increase, largely due to the proposed re-entry into Social Security and the Florida Retirement System (FRS).

The City Manager compared the estimated costs:

- \$11.3M for FRS + Social Security
- \$10.6M to stay with the current Thrift Plan
A 7% difference. He stated the city is presenting the high-end option but acknowledged a scaled-down FRS model is possible.

Participation would initially be voluntary, with new employees required to join FRS if adopted. A 3% employee contribution and 6.2% Social Security tax would apply, potentially reducing some take-home pay by up to 9%, but the city would ensure all staff receive tools and counseling before any decision is required.

Councilmember Schmidt questioned the absence of detailed backup documentation for the budget, asking when they will be distributed to the council.

The City Manager clarified that the Finance Director will soon be providing that information at whatever level of detail the council desires.

Councilmember Schmidt clarified that he was not seeking an exhaustive, 175-page, line-by-line breakdown of the budget. Instead, he emphasized the need for a level of detail sufficient to reveal the driving factors behind the budget figures. He expressed a desire to understand the underlying elements influencing decisions and to identify the key points that the council should be aware of in order to make informed choices and ensure transparency for the public.

Councilmember Schmidt also expressed discomfort with how FRS is already included in the proposed budget, stating it feels a little premature to just put it in the proposed budget at the first workshop without a full understanding of what it truly means.

Councilmember Bagby clarified that the council had previously passed a motion to pursue FRS and Social Security for staff and emphasized that the budget is a fluid document. He supported the hybrid approach, allowing existing employees to choose and requiring new employees to join FRS. He also spoke about FRS being a superior retirement option, especially for long-term staff.

Councilmember Schmidt commended staff for achieving a 3% reduction in operating expenses and expressed hope of avoiding a net 2% overall budget increase by the final version.

Councilmember Bagby raised concerns about overly generous health benefits, noting they are now competitive on salaries for staff but still over-competitive on healthcare compared to other peers.

Councilmember Bagby and the HR Director presented a comparison showing Destin contributes 100% for employees, and 66.67% for family plans – 20-30% more than peer cities. Councilmember Bagby stressed the importance of balancing staff benefits with fiscal responsibility and resident value.

The HR Director confirmed they are exploring a cost-sharing model, suggesting family/spouse/child coverage shift from 66.67% to 50%.

Councilmember Trammell strongly supported FRS, noting her own positive experience. She asked if a senior leadership or employee committee had vetted FRS. The HR Director noted that they have conducted an all-employee survey, revealing a 50/50 split between those wanting to stay with the Thrift Plan vs. moving to FRS. Department-level listening sessions confirmed this breakdown, with younger/newer staff favoring FRS and long-tenured staff preferring to remain in the current system.

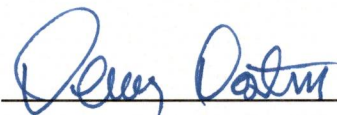
Councilmember Trammell requested an estimate of how many might convert FRS, to which the HR Director reiterated the split and the individualized nature of the decision.

Councilmember Bagby reiterated that this hybrid system avoids the flaws of past all-or-nothing votes, giving employees individual choice. He also emphasized the importance of financial education for employees before deciding.



Councilmember Destin praised the City Manager for presenting a workable plan to reintegrate FRS despite its costs. He noted the City needs to find long-term solutions to fund this responsibly – either through hiring restraint, health benefit changes, or other fiscal strategies.

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 6:35 PM.



Dewey Destin, Mayor Pro-Tem


ATTEST:


Rey Bailey, City Clerk