Agenda
Special Meeting
of the Mary Esther City Council
July 20, 2026 - 6:00 PM
195 Christobal Road – North, Mary Esther, FL 32569

1. **INVOCATION**
2. **CALL TO ORDER**
3. **PLEDGE OF ALLEGIANCE**
4. **ROLL CALL**
5. **APPROVAL OF THE AGENDA**
6. **NEW BUSINESS**
   - **6.1. Discussion: FY 2027 Comprehensive Plan Annual Review and FY 2027 Annual Objectives**
   - **6.2. Discussion: Proposed FY 2027 Budget and 5-Year Capital Improvement Plan**
   - **6.3. Consideration: Proposed FY 2027 Tentative Millage Rate and Public Hearing Dates**
7. **ADJOURN**

***** **PLEASE TURN OFF OR SILENCE** ***ALL CELL PHONES*** *****

WATCHING AND PARTICIPATION

To watch the meetings virtually, citizens may log onto the city's website (www.cityofmaryesther.com), click the "Public Meetings" section, and select the meeting they would like to watch.

Any citizen who would like to comment on non-agenda items must submit a service request through the city's website, call customer service at (850) 243-3566, or fill out a form at city hall. A form must be completed by 12 pm one week before the day of the meeting. Filling out a form does not guarantee you will be added to the agenda. If a citizen opts to participate virtually, an email will be sent with the Zoom registration link.

NOTES:

1) Adjournment with continuation on the following day at 6:00 PM may be called if the meeting proceeds past 10 PM.

2) The City does not keep verbatim minutes as a matter of record. If a person decides to appeal any decision made by the Mary Esther City Council with respect to any matter considered at this meeting, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. See Florida Statute 286.0105

3) Any invocation that may be offered before the official start of the Council meeting shall be the voluntary offering of a private citizen, to and for the benefit of the Council. The views or beliefs expressed by the invocation speaker have not been previously reviewed or approved by the Council, and the Council is not allowed by law to endorse the religious beliefs or views of this or any other speaker.

AGENDA ITEM

Agenda Item 6.1.

TO:	Honorable Mayor and Members of the City Council
FROM:	Jared Cobb, City Manager
DATE:	July 20, 2026
SUBJECT:	Discussion: FY 2027 Comprehensive Plan Annual Review and FY 2027 Annual Objectives

BACKGROUND:
The Vision 2040/Comprehensive Plan 2050 (Ordinance 2025-04, adopted August 19, 2025) requires an annual goal-setting session held in conjunction with the City's capital improvements planning, consisting of a staff progress report, Council review and prioritization, capital improvements coordination, public engagement, and consideration of any needed plan amendments. Separately, the FY 2026–2030 Strategic Plan (Resolution 26-02, approved February 2, 2026) commits the Council to reviewing and updating its Annual Objectives each year in alignment with the budget process. Because the two plans share a common foundation, staff has consolidated both requirements into this single session, held ahead of the Council's review of the proposed FY 2027 Budget and Capital Improvement Plan.

DISCUSSION:
Attachment 1 is the required staff progress report. In summary: all facilities subject to concurrency are operating at adopted levels of service with no deficiencies identified; implementation of the Plan is under way through the Strategic Plan, the Monthly Performance Report, the Parks and Open Space Master Plan, and the completed CRA Finding of Necessity study; and staff recommends plan amendments to the Public School Facilities Elements. Overall, the Plan is less than one year old and its implementing regulations — the Land Development Code — have not yet been updated. The LDC update, an approved FY 2026 objective funded in the proposed FY 2027 budget, is the City's principal implementation initiative.

Attachment 2 presents the proposed FY 2027 Annual Objectives: completed FY 2026 objectives are removed, incomplete objectives are carried forward, and the list is deliberately lean. Preparation for and management of the proposed property tax amendment on the November 2026 ballot will require significant staff capacity for revenue impact analysis, contingency budget planning, and public information, and the FY 2027 work plan is sized accordingly.

Attachment 3 presents the updated Strategic Plan with the proposed Annual Objectives displayed in HTML format.

FINANCIAL IMPACT:
There is no direct fiscal impact from this item. Funding for the LDC update and other objectives

requiring resources is included in the proposed FY 2027 Budget and CIP, presented under the following agenda item. The annual update to the Capital Improvements Element five-year schedule, required by Section 163.3177(3)(b), Florida Statutes, will be brought forward for adoption with the FY 2027 budget in September.

RECOMMENDATION:

Motion to accept the FY 2026 Staff Progress Report as the annual Comprehensive Plan review, approve the proposed FY 2027 Annual Objectives, and direct that future annual Comprehensive Plan reviews be consolidated with the Strategic Workshop held in April of each year.

ATTACHMENT(S):

1. Attachment 1 - FY 2026 Staff Progress Report
2. Attachment 2 - Proposed FY 2027 Annual Objectives
3. Attachment 3 - Strategic Plan FY 2026-2030 (Link)

ATTACHMENT 1

CITY OF MARY ESTHER

FY 2026 STAFF PROGRESS REPORT – ANNUAL COMPREHENSIVE PLAN REVIEW

Vision 2040/ Comprehensive Plan 2050 (Ordinance 2025-04) • July 20, 2026

PURPOSE

On September 3, 2025, the City Council adopted Ordinance 2025-04, replacing the City's Comprehensive Plan in its entirety with the Vision 2040 / Comprehensive Plan 2050 (the Comprehensive Plan). The Comprehensive Plan's Introduction and Implementation chapter requires an annual goal-setting session conducted in conjunction with the City's capital improvements planning, consisting of five components. This is the City's first annual review under the new Comprehensive Plan. On February 2, 2026, the Council approved the FY 2026–2030 Strategic Plan (Resolution 26-02), whose five Strategic Focus Areas were drawn from community input, the Comprehensive Plan, and Council direction. Because the two plans share a common foundation, this session satisfies both the Comprehensive Plan's annual review requirement and the Strategic Plan's annual review commitment in a single process. The table below summarizes how each required component is addressed.

Required Component (Implementation Section)	How It Is Addressed
1. Staff Progress Report	This report, presented under the annual review agenda item.
2. City Council Review and Prioritization	Council discussion of the FY 2026–2030 Strategic Focus Areas and approval of proposed FY 2027 Annual Objectives (Attachment 2).
3. Capital Improvements Coordination	Review of the proposed FY 2027 Budget and Capital Improvement Plan (following agenda item); annual Capital Improvements Element update to be adopted with the FY 2027 budget.
4. Public Engagement	Session noticed through the Council-adopted meeting calendar and the agenda and packet published seven days in advance; public comment invited during the item.
5. Plan Amendment Consideration	No amendments recommended (see Plan Amendment Consideration, below).

ACCOMPLISHMENTS

In the eleven months since adoption of the Plan, the City has:

- **Strategic Plan —** Approved the FY 2026–2030 Strategic Plan (Resolution 26-02), operationalizing Comprehensive Plan goals through Council-approved Annual Objectives.
- **Performance reporting —** Launched the City's Monthly Performance Report (February 2026), providing department highlights, key performance indicators, and project status updates. This report establishes the ongoing monitoring infrastructure contemplated by the Plan, including the public facilities information maintained under Policy A1-2b.
- **Parks —** Adopted the Parks and Open Space Master Plan (February 2026) and advanced its implementation: significant maintenance at Springdale Park and the renovation of Azalea Park are complete, and Library park design and construction, cemetery expansion design, and the Christobal Waterfront Park (a budgeted project managed by Okaloosa County) are included in the proposed FY 2027 budget.

- **Redevelopment —** Completed the Community Redevelopment Agency Finding of Necessity study (RFQ QE-2026-01), supporting the Plan's economic development and redevelopment policies.
- **Mall redevelopment —** Commenced review of the Santa Rosa Mall Planned Mixed-Use Development District (PMDD) master plan — the first major mixed-use redevelopment reviewed for consistency with the new Plan.

ELEMENT STATUS SUMMARIES

Concurrency (Policy A1-2a). This section constitutes the annual concurrency compliance report to the City Council. Staff have reviewed development activity and facility capacities for potable water, sanitary sewer, solid waste, drainage, recreation, and transportation. All facilities and services subject to concurrency review are operating at or better than the adopted level-of-service standards, and no deficiencies have been identified. No development orders were denied or deferred for concurrency during the reporting period.

Transportation (Policies B1-3c, B1-8a). Staff is establishing baseline data for the annual transportation metrics report (sidewalk and bike lane additions, intersection improvements, travel times, and bicycle/pedestrian crash data). The first full annual report will be presented in the next review cycle and published on the City's website. The City continues to coordinate with the Okaloosa-Walton TPO and to review the FDOT Five-Year Work Program for consistency with City activities (Policy B1-4c).

Housing (Policies C1-1b, C1-3d, C1-3e, C1-7c). The Plan directs an annual review of the City's regulatory and permitting framework to expand housing variety, including evaluation of accessory dwelling units and missing-middle housing types. Staff recommends these reviews be addressed comprehensively through the LDC update rather than by piecemeal amendment.

Infrastructure (Policies D1-2b, D2-1d, D3-1e). Sewer rehabilitation, solid waste level-of-service maintenance, and drainage priorities have been carried into the proposed FY 2027 Budget and Capital Improvement Plan.

Public School Facilities (Policies I1-1a, I1-1b, I1-1c, I1-1d, I1-1e, I1-2a, I1-2b, I1-2c, I1-2d, I1-2e, I1-3a, I1-3b, I1-4a, I1-4b, I1-4c, I1-5a, I1-5b, I1-5c, I1-5d, I1-5e, I1-6a, I1-7a,I1-7b). The purpose of this element is to ensure the plans and activities of the City and the Okaloosa County School District are coordinated, compatible, and consistent with the needs of both. Staff recommend Public school facilities need to be updated to reflect current conditions, goals, objectives, and policies.

Legislative changes. Staff, in consultation with the City Attorney, has not identified state legislative changes during the reporting period that require amendment of the Plan. Staff will continue monitoring and will report any required changes through this annual process.

PLAN AMENDMENT CONSIDERATION

Staff recommends amendments to the Comprehensive Plan's Public School Facilities Elements of the Data and Analysis section as well as the Goal's, Objectives, and Policies section. The Data and Analysis section for the Public School Facilities Element was built on factual assumptions that are now incorrect with the closing of Mary Esther Elementary. Under Florida's comprehensive planning framework, the Data and Analysis must support the Goal's Objectives, and Policies. The Comprehensive Plan was adopted less than twelve months ago, and the remaining elements reflect current data and community vision, and its implementing regulations have not yet been updated. The Comprehensive Plan is implemented almost entirely through the Land Development Code, and completing the LDC update ahead of any plan amendments is the appropriate sequence. Should the LDC update or subsequent monitoring identify provisions requiring refinement, staff will initiate amendments in accordance with state procedures and report them through this annual process.

CITY OF MARY ESTHER

PROPOSED FY 2027 ANNUAL OBJECTIVES

FY 2026–2030 Strategic Plan (Resolution 26-02) • July 20, 2026

The Strategic Plan directs an annual review of the Council-approved Annual Objectives. The tables below show the disposition of each FY 2026 objective: completed objectives are removed from the strategic workplan (their operational maintenance continues through monthly KPI reporting), and incomplete objectives are carried forward. Staff proposes a deliberately lean FY 2027 objective set. Preparation for and management of the proposed property tax amendment on the November 2026 ballot will require substantial staff capacity for revenue impact analysis, contingency budget planning, and public information, and completing the carried-forward objectives — particularly the Land Development Code update — must remain achievable within that constraint.

Focus Area 1: Foster a Vibrant and Resilient Local Economy

FY 2026 Annual Objective	Status	FY 2027 Disposition
Complete a “Finding of Necessity” study for a Community Redevelopment Agency (CRA)	Complete — consultant delivered the Finding of Necessity study	Remove — staff recommends placing next CRA steps on hold until after the November 2026 property tax referendum
Develop and launch a City-sponsored Farmer’s Market	Deferred due to funding	Defer — revisit in a future budget cycle
Draft and present for adoption all necessary LDC amendments to implement Comprehensive Plan policies	Not complete — funded in proposed FY 2027 budget	Carry forward — principal FY 2027 initiative

Focus Area 2: Ensure Resilient and Sustainable Public Infrastructure

FY 2026 Annual Objective	Status	FY 2027 Disposition
Secure full funding for a city-wide Advanced Metering Infrastructure (AMI) system	On hold — pending completion of an asset management plan	Hold — revisit following implementation of the work order and asset management system
Begin implementation of the Parks and Greenway Master Plan by initiating the top-priority capital project	Complete — Springdale Park maintenance and Azalea Park renovation completed	Carry forward as “Continue implementation of the Parks and Greenway Master Plan” — Library park design and construction, cemetery expansion design, and the Christobal Waterfront Park (managed by Okaloosa County) funded in the proposed FY 2027 budget; plan next priorities

Focus Area 3: Ensure Long-Term Financial Sustainability

FY 2026 Annual Objective	Status	FY 2027 Disposition
Develop a formal long-range financial plan to support operations and capital planning for consideration with the FY 2027 budget process	In progress	Carry forward — completion to follow the November 2026 property tax referendum so the

		plan reflects the outcome of the vote

Focus Area 4: Enhance Community Connectivity and Public Safety

FY 2026 Annual Objective	Status	FY 2027 Disposition
Conduct a feasibility study on long-term fire service options	In progress — may be completed in FY 2026	Carry forward if not complete at fiscal year end
Conduct a comprehensive evaluation of law enforcement services, including options for service enhancement	Complete — report presented to Council	Remove

Focus Area 5: Achieve Organizational Excellence through High Performance and Transparency

FY 2026 Annual Objective	Status	FY 2027 Disposition
Implement a “one-stop-shop” online permitting system	Substantially complete — permitting transitions from Okaloosa County to the City on August 20, 2026	Remove upon transition — monitored through monthly KPIs
Implement a citizen request tracking system for resident-reported issues	Complete — system in operation; public outreach campaign under way	Remove — outreach continues operationally
Implement a work order and asset management system for Public Works	Not started — funded in proposed FY 2027 budget	Carry forward — FY 2027 implementation (also informs the AMI decision)

Note: The Monthly Performance Report (launched February 2026) satisfies the Strategic Plan’s operational reporting commitment; objectives removed as complete transition to KPI monitoring rather than dropping from visibility.

CITY OF MARY ESTHER, FLORIDA

Strategic Plan

FISCAL YEARS 2026 – 2030

Adopted February 2, 2026 · Resolution 26-02
Updated with Proposed FY 2027 Annual Objectives — Annual Comprehensive Plan Review, July 20, 2026

The Strategic Plan is provided as an interactive web document.

Click the link below (or type the address into any web browser):

cityofmaryesther.netlify.app/Attachment 3 - Mary Esther Strategic Plan FY2026-2030.html

The web document includes navigation by section and a "Print / Save PDF" button
for anyone who prefers a paper or PDF copy.

AGENDA ITEM

Agenda Item 6.2.

TO: Honorable Mayor and Members of the City Council

FROM: Jared Cobb, City Manager

DATE: July 20, 2026

SUBJECT: Discussion: Proposed FY 2027 Budget and 5-Year Capital Improvement Plan

BACKGROUND:
Staff presents the first draft of the proposed FY 2027 Annual Budget for Council review ahead of the September TRIM hearings. Should the Council desire further deliberation beyond tonight's review, the adopted budget calendar reserves two additional dates for that purpose. For the first time, the budget book incorporates a 5-Year Capital Improvement Plan (FY 2027–2031), consolidating the City's capital project request forms into a single multi-year program consistent with GFOA budget-presentation criteria and supporting the annual update to the Capital Improvements Element required by Section 163.3177(3)(b), Florida Statutes, which will be brought forward for adoption with the budget in September.

DISCUSSION:
The proposed budget manages $34,382,064 in total resources, including $18,026,626 in expected new revenue, with planned spending of $20,878,936 — approximately $8.1 million to operate city services and $12.8 million in one-time projects and investments. General Fund spending is proposed at $7,068,132, built on an unchanged millage rate of 5.0261 mills (considered under the following agenda item).

The FY 2027 capital program totals $12,572,601 across the General, Sales Surtax, and Water & Sewer funds, anchored by the Azalea Park neighborhood infrastructure project and funded largely by grants, the half-cent sales surtax, and low-interest State Revolving Fund loans. The 5-Year CIP programs $38,774,722 over FY 2027–2031, including $26,202,121 planned for FY 2028–2031; the largest out-year project is the Okaloosa County sewer force main ($14.0 million, construction planned FY 2031). Only Year 1 amounts are appropriated; Years 2–5 are planning estimates re-adopted annually.

As a first draft, this document remains subject to staff's ongoing review and refinements are expected between now and the September hearings, within the 5-Year CIP. For example, prior-year expenditures on continuing projects will be added to the multi-year tables. Staff will identify any substantive changes for the Council as they are incorporated.

FINANCIAL IMPACT:
No appropriation is made by this item. Council direction provided tonight will be incorporated into the tentative budget presented at the September 8 public hearing; adoption occurs at the

September hearings.

RECOMMENDATION:
No formal action is required. Staff requests Council review the proposed budget and 5-Year CIP and provide direction; revisions will be incorporated ahead of the September public hearings, with additional deliberation dates available on the budget calendar if needed.

ATTACHMENT(S):
1. Attachment 1 - FY 2027 Budget and CIP (Link)
2. Attachment 2 - Property Tax Information Sheet

CITY OF MARY ESTHER, FLORIDA

Annual Budget

FISCAL YEAR 2027

With 5-Year Capital Improvement Plan · FY 2027 – 2031
First Draft — Council Budget Workshop, July 20, 2026

The FY 2027 Budget & 5-Year CIP is provided as an interactive web document.

Click the link below (or type the address into any web browser):

cityofmaryesther.netlify.app/Attachment 1 - FY 2027 Budget and CIP.html

The web document includes navigation by section and works on any computer, tablet, or phone — no login or download required.

THE NOVEMBER 2026 PROPERTY TAX AMENDMENT

What it would mean for City of Mary Esther revenues and services

What voters will decide

On November 3, 2026, Florida voters will decide a constitutional amendment (“Save Our Homes From Excessive Property Taxes”). If approved by 60% of voters, for all levies *except school district taxes* it would:

- Raise the homestead exemption to **$150,000 on January 1, 2027** and **$250,000 on January 1, 2028**, indexed to inflation thereafter;
- Lower the annual assessment-growth cap on non-homestead property (rentals, second homes, commercial) from 10% to 5%;
- Direct the Legislature to develop a schedule toward eliminating non-school property taxes on homesteads;
- Provide new Florida residents a $50,000 exemption for their first five years before the higher amounts apply.

It would not change school taxes, utility rates or charges, special assessments, or millage authority, and it does not apply to non-homesteaded property - including rentals, businesses, and new arrivals during their first five years.

Mary Esther's numbers

994 of the city's parcels - 49% of all accounts - carry a homestead exemption. Property taxes provide $2,307,625 of the FY 2027 budget, about 37% of General Fund revenue, at a millage rate (5.0261) unchanged since FY 2020. The Okaloosa County Property Appraiser estimates the following effects at current millage:

Scenario	First affects	Est. revenue effect	Share of city property tax revenue
$150,000 homestead exemption	FY 2028	**-$393,036 / yr**	-16.3%
$250,000 homestead exemption	FY 2029	**-$573,232 / yr**	-23.8%
$500,000 homestead exemption	If scheduled by Legislature	**-$704,867 / yr**	-29.2%
Full homestead elimination	If scheduled by Legislature	**-$809,406 / yr**	-33.6%

Timing: because the amendment first applies to the January 1, 2027 tax roll, the first budget affected is FY 2028 - the fiscal year after the one now proposed.

What it means for the city's budget

The city's FY 2027 recurring revenues and recurring costs are close to balanced (a gap of roughly $120,000, bridged by reserves while the long-range financial plan charts the return to surplus). The $150,000 exemption would roughly quadruple that recurring gap; the $250,000 exemption would roughly quintuple it. Reserves - currently more than a full year of operating costs - can absorb the transition, but not permanently: property taxes fund services with no dedicated revenue of their own, including contracted police and fire protection, parks, the library, streets, and stormwater.

A menu of real options - with real numbers

Should the amendment pass, the Council and community would choose from options like these. Every option either shifts who pays or changes what the city provides - none is free, and none requires a decision before the vote.

This information sheet is provided for planning purposes only. It is factual and neutral: the City of Mary Esther does not advocate for or against ballot measures (s. 106.113, Fla. Stat.). Estimates: Okaloosa County Property Appraiser tax revenue calculators and staff planning figures at FY 2027 levels and current millage.

Revenue options	How it works / trade-off	Est. annual amount
Millage rate	Each 0.1 mill generates about $46,000. Council sets the rate annually through TRIM; offsetting the $150K exemption would take about 0.9 mills.	**+$46,000 per 0.1 mill**
FPL electric franchise fee: 3% to 6%	The city's fee is 3% (about $191,900/yr); other Okaloosa cities charge 6%. The 15-year FPL franchise agreement is up for renewal this year - the rate is set as part of that renewal. Appears on electric bills.	**about +$192,000**
Electric utility tax: remove the $10/month cap	The ordinance sets 10%, but the $10 monthly cap makes the effective rate roughly 4%. Removing or raising the cap restores the ordinance rate on larger bills. Staff estimate pending FPL billing data.	**+$250,000 to $400,000 (est.)**
Stormwater utility fee	A fee-for-service covering stormwater operations (about $216,000/yr recurring) plus a capital program. Ballpark: about 1,680 homes at one unit each and roughly 346 businesses averaging four units puts $10/month per home at about $368,000/yr - operations fully covered plus about $150,000/yr toward capital - with businesses paying about 45% of the total. About $12/month reaches the full target. The FY 2027 budget already funds the rate study that would set actual tiers by impervious area. Not a property tax - unaffected by the amendment.	**+$368,000 to $475,000 (est.)**
Fire assessment (non-ad valorem)	Recovers up to 100% of the $1.22M fire contract on parcels rather than property value - averaging about $600/parcel/yr (about $50/month) across roughly 2,030 parcels, before tiering by property class. Unaffected by the amendment.	**up to +$1,220,000**

Revenue context: the two electric-bill options together could roughly offset the $150,000-exemption scenario. The fee-based options are unaffected by the amendment because they are not property taxes.

Expenditure options	How it works / trade-off	Est. annual amount
Join the Ocean City-Wright Fire Control District	Removes the fire contract from the city budget entirely; the District's own tax levy would appear on city tax bills instead. Requires agreement and a statutory process.	**-$1,220,000**
End the enhanced OCSO contract	The city would rely on base sheriff coverage already funded countywide; the trade-off is losing the dedicated in-city patrol deputies.	**-$347,875**
Service levels & capital pacing	Slower repaving and park cycles, reduced hours, or program reductions - specific options would come to Council through the long-range financial plan.	**varies**

Service context: OCSO base coverage is funded countywide and continues regardless; the enhanced contract currently delivers dedicated patrols with 93% of Priority-1 calls answered within 5 minutes. Joining the fire district *would move fire funding from the city budget to the District's own tax levy on city properties - which, unlike a fire assessment, would itself be subject to the amendment's homestead exemptions.*

What staff is doing now

- Modeling both outcomes in the long-range financial plan (Strategic Plan Focus Area 3, completing by the end of calendar year 2026);
- Completing the stormwater rate study already funded in the FY 2027 budget;
- Deferring the Community Redevelopment Agency decision, since the amendment would make the business district the city's primary property tax base;
- Maintaining reserves above policy minimums and holding one-time projects to one-time funding sources.

AGENDA ITEM

Agenda Item 6.3.

TO: Honorable Mayor and Members of the City Council

FROM: Jared Cobb, City Manager

DATE: July 20, 2026

SUBJECT: Consideration: Proposed FY 2027 Tentative Millage Rate and Public Hearing Dates

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BACKGROUND:
Under the Truth in Millage (TRIM) process, Section 200.065, Florida Statutes, the Okaloosa County Property Appraiser certified the City's taxable value on June 22, 2026 (Form DR-420). Within 35 days of certification, the City must advise the Property Appraiser of its proposed (tentative) millage rate, the current-year rolled-back rate, and the date, time, and place of the first public hearing on the tentative budget and millage. The hearings must begin after 5:00 p.m. and may not conflict with the hearings of the County or the School Board.

DISCUSSION:
The certified current-year gross taxable value is $468,378,883, a decrease of approximately 2.2% from the prior year's final gross taxable value of $479,086,368. Because the tax base declined, the rolled-back rate — the rate that would generate the same ad valorem dollars as last year — is 5.1268 mills, higher than the current rate.

The proposed FY 2027 budget, presented under the preceding agenda item, is built on a millage rate of 5.0261 mills, unchanged from FY 2026. Because 5.0261 mills is below the rolled-back rate, it is defined as a property tax decrease under TRIM: the levy at 5.0261 mills ($2,354,119) is less than the prior year's proceeds of $2,407,936.

The tentative millage set tonight is a ceiling: Council may reduce the rate at the September hearings without additional notice, but adopting a rate higher than the tentative rate would require the City to re-notice every taxpayer by first-class mail at City expense. Staff recommends setting the tentative rate at the proposed 5.0261 mills.

FINANCIAL IMPACT:
At 5.0261 mills, total taxes levied on the certified taxable value are $2,354,119 (DR-420, Line 18). The proposed budget conservatively includes ad valorem revenue of $2,307,625, approximately 98% of the levy, reflecting early payment discounts and collections experience.

RECOMMENDATION:
Motion to set the tentative FY 2027 millage rate at 5.0261 mills; to schedule the first public

hearing on the tentative budget and millage for September 8, 2026 at 6:00 p.m. and the final public hearing for September 21, 2026 at 6:00 p.m., both at City Hall, 195 Christobal Road – North; and to authorize staff to complete and certify Form DR-420 to the Property Appraiser.

ATTACHMENT(S):

1. Attachment 1 - Certification of Taxable Value

FLORIDA

CERTIFICATION OF TAXABLE VALUE

DR-420
R. 5/12
Rule 12D-16.002
Florida Administrative Code
Effective 11/12

Year : 2026	County : Okaloosa
Principal Authority : City of Mary Esther	Taxing Authority : City of Mary Esther - Operating

SECTION I : COMPLETED BY PROPERTY APPRAISER

1.	Current year taxable value of real property for operating purposes	$		445,127,491	(1)
2.	Current year taxable value of personal property for operating purposes	$		23,251,392	(2)
3.	Current year taxable value of centrally assessed property for operating purposes	$		0	(3)
4.	Current year gross taxable value for operating purposes *(Line 1 plus Line 2 plus Line 3)*	$		468,378,883	(4)
5.	Current year net new taxable value (Add new construction, additions, rehabilitative improvements increasing assessed value by at least 100%, annexations, and tangible personal property value over 115% of the previous year's value. Subtract deletions.)	$		-1,301,002	(5)
6.	Current year adjusted taxable value *(Line 4 minus Line 5)*	$		469,679,885	(6)
7.	Prior year FINAL gross taxable value from prior year applicable Form DR-403 series	$		479,086,368	(7)
8.	Does the taxing authority include tax increment financing areas? If yes, enter number of worksheets (DR-420TIF) attached. If none, enter 0	☐ YES	☑ NO	Number 0	(8)
9.	Does the taxing authority levy a voted debt service millage or a millage voted for 2 years or less under s. 9(b), Article VII, State Constitution? If yes, enter the number of DR-420DEBT, *Certification of Voted Debt Millage* forms attached. If none, enter 0	☐ YES	☑ NO	Number 0	(9)

SIGN HERE	**Property Appraiser Certification**	I certify the taxable values above are correct to the best of my knowledge.
	Signature of Property Appraiser: Electronically Certified by Property Appraiser	Date : 6/22/2026 10:23:55 AM

SECTION II : COMPLETED BY TAXING AUTHORITY

If this portion of the form is not completed in FULL your taxing authority will be denied TRIM certification and possibly lose its millage levy privilege for the tax year. If any line is not applicable, enter -0-.

10.	Prior year operating millage levy *(If prior year millage was adjusted then use adjusted millage from Form DR-422)*		5.0261 per $1,000	(10)
11.	Prior year ad valorem proceeds *(Line 7 multiplied by Line 10, divided by 1,000)*	$	2,407,936	(11)
12.	Amount, if any, paid or applied in prior year as a consequence of an obligation measured by a dedicated increment value *(Sum of either Lines 6c or Line 7a for all DR-420TIF forms)*	$	-0-	(12)
13.	Adjusted prior year ad valorem proceeds *(Line 11 minus Line 12)*	$	2,407,936	(13)
14.	Dedicated increment value, if any *(Sum of either Line 6b or Line 7e for all DR-420TIF forms)*	$	-0-	(14)
15.	Adjusted current year taxable value *(Line 6 minus Line 14)*	$	469,679,885	(15)
16.	Current year rolled-back rate *(Line 13 divided by Line 15, multiplied by 1,000)*		5.1268 per $1000	(16)
17.	Current year proposed operating millage rate		per $1000	(17)
18.	Total taxes to be levied at proposed millage rate *(Line 17 multiplied by Line 4, divided by 1,000)*	$		(18)

Continued on page 2

19.	TYPE of principal authority (check one)	☐ County ☑ Municipality	☐ Independent Special District ☐ Water Management District	(19)
20.	Applicable taxing authority (check one)	☑ Principal Authority ☐ MSTU	☐ Dependent Special District ☐ Water Management District Basin	(20)
21.	Is millage levied in more than one county? (check one)	☐ Yes	☑ No	(21)

DEPENDENT SPECIAL DISTRICTS AND MSTUs STOP **STOP HERE - SIGN AND SUBMIT**

22.	Enter the total adjusted prior year ad valorem proceeds of the principal authority, all dependent special districts, and MSTUs levying a millage. *(The sum of Line 13 from all DR-420 forms)*	$ 2,407,936	(22)
23.	Current year aggregate rolled-back rate *(Line 22 divided by Line 15, multiplied by 1,000)*	5.1268 per $1,000	(23)
24.	Current year aggregate rolled-back taxes *(Line 4 multiplied by Line 23, divided by 1,000)*	$ 2,401,285	(24)
25.	Enter total of all operating ad valorem taxes proposed to be levied by the principal taxing authority, all dependent districts, and MSTUs, if any. *(The sum of Line 18 from all DR-420 forms)*	$ -0-	(25)
26.	Current year proposed aggregate millage rate *(Line 25 divided by Line 4, multiplied by 1,000)*	-0- per $1,000	(26)
27.	Current year proposed rate as a percent change of rolled-back rate *(Line 26 divided by Line 23, **minus 1**, multiplied by 100)*	-100.00 %	(27)

First public budget hearing	Date : 9/2/2026	Time : 12:00 AM EST	Place :

S I G N H E R E	**Taxing Authority Certification**	I certify the millages and rates are correct to the best of my knowledge. The millages comply with the provisions of s. 200.065 and the provisions of either s. 200.071 or s. 200.081, F.S.	
	Signature of Chief Administrative Officer :		Date :
	Title :	Contact Name and Contact Title :	
	Mailing Address :	Physical Address :	
	City, State, Zip :	Phone Number :	Fax Number :

Instructions on page 3

CERTIFICATION OF TAXABLE VALUE
INSTRUCTIONS

"Principal Authority" is a county, municipality, or independent special district (including water management districts).

"Taxing Authority" is the entity levying the millage. This includes the principal authority, any special district dependent to the principal authority, any county municipal service taxing unit (MSTU), and water management district basins.

Each taxing authority must submit to their property appraiser a DR-420 and the following forms, as applicable:

- DR-420TIF, Tax Increment Adjustment Worksheet
- DR-420DEBT, Certification of Voted Debt Millage
- DR-420MM-P, Maximum Millage Levy Calculation - Preliminary Disclosure

Section I: Property Appraiser

Use this DR-420 form for all taxing authorities except school districts. Complete Section I, Lines 1 through 9, for each county, municipality, independent special district, dependent special district, MSTU, and multicounty taxing authority. Enter only taxable values that apply to the taxing authority indicated. Use a separate form for the principal authority and each dependent district, MSTU and water management district basin.

Line 8

Complete a DR-420TIF for each taxing authority making payments to a redevelopment trust fund under Section 163.387 (2)(a), Florida Statutes or by an ordinance, resolution or agreement to fund a project or to finance essential infrastructure.

Check "Yes" if the taxing authority makes payments to a redevelopment trust fund. Enter the number of DR-420TIF forms attached for the taxing authority on Line 8. Enter 0 if none.

Line 9

Complete a DR-420DEBT for each taxing authority levying either a voted debt service millage (s.12, Article VII, State Constitution) or a levy voted for two years or less (s. 9(b), Article VII, State Constitution).

Check "Yes" if the taxing authority levies either a voted debt service millage or a levy voted for 2 years or less (s. 9(b), Article VII, State Constitution). These levies do not include levies approved by a voter referendum not required by the State Constitution. Complete and attach DR-420DEBT. Do not complete a separate DR-420 for these levies.

Send a copy to each taxing authority and keep a copy. When the taxing authority returns the DR-420 and the accompanying forms, immediately send the original to:

Florida Department of Revenue
Property Tax Oversight - TRIM Section
P. O. Box 3000
Tallahassee, Florida 32315-3000

Section II: Taxing Authority

Complete Section II. Keep one copy, return the original and one copy to your property appraiser with the applicable DR-420TIF, DR-420DEBT, and DR-420MM-P within 35 days of certification. Send one copy to the tax collector. "Dependent special district" (ss. 200.001(8)(d) and 189.403(2), F.S.) means a special district that meets at least one of the following criteria:

- The membership of its governing body is identical to that of the governing body of a single county or a single municipality.
- All members of its governing body are appointed by the governing body of a single county or a single municipality.
- During their unexpired terms, members of the special district's governing body are subject to removal at will by the governing body of a single county or a single municipality.
- The district has a budget that requires approval through an affirmative vote or can be vetoed by the governing body of a single county or a single municipality.

"Independent special district" (ss. 200.001(8)(e) and 189.403 (3), F.S.) means a special district that is not a dependent special district as defined above. A district that includes more than one county is an independent special district unless the district lies wholly within the boundaries of a single municipality.

"Non-voted millage" is any millage not defined as a "voted millage" in s. 200.001(8)(f), F.S.

Lines 12 and 14

Adjust the calculation of the rolled-back rate for tax increment values and payment amounts. See the instructions for DR-420TIF. On Lines 12 and 14, carry forward values from the DR-420TIF forms.

Line 24

Include only those levies derived from millage rates.

All TRIM forms for taxing authorities are available on our website at
http://floridarevenue.com/property/Pages/TRIM.aspx