City Council FY26 Budget Workshop: Stormwater, CRA, Utility & Misc Funds Minutes
August 4, 2025
Council Chambers
5:30 PM

I. CALL TO ORDER

Present:	4* -	Vice Mayor Vance Guthrie, Councilmember Bill Randolph, Councilmember Scot French, Councilmember Stephen Schoene
Absent:	0 -	

Vice Mayor Guthrie called the August 4, 2025, FY26 budget workshop to order at 5:32 p.m. Staff also in attendance: City Manager Reggentin, Assistant City Manager Lewis, City Clerk Hollingsworth, Finance Director Gray, Public Works Director Tracy, and Deputy City Clerk McCurdy.

** At 6:13 p.m., Mayor Lowndes arrived, and Vice Mayor Guthrie surrendered the gavel, returning chairing duties to the Mayor.*

II. PRESENTATIONS

1. FY 2026 COMMUNITY REDEVELOPMENT AGENCY (CRA) DRAFT BUDGET.

City Manager Reggentin provided an overview of the FY 2026 CRA Trust Fund. He noted that the General Fund advance is expected to be repaid by 2027, with the Utility Fund advance to be repaid by 2029. Following the repayment of these obligations, all CRA Trust Fund expenditures must be made within the CRA district, as required by statute.

The presentation included the following funding recommendations:

- FY 2025: Repayment to the General Fund of approximately $1 million
- FY 2026: Proposed repayment to the General Fund of approximately $2.1 million
- FY 2027–2029: Consideration of short-term borrowing against future CRA revenue

2. FY 2026 STORMWATER ENVIRONMENTAL UTILITY FUND.

City Manager Reggentin presented an overview of the FY 2026 Stormwater Environmental Utility Special Revenue Fund. Based on direction from the City Council, the Stormwater rate shall increase 3% for Fiscal Year 2026. The maximum Equivalent Residential Unit (ERU) rate is established by ordinance, calculated by dividing the total number of

ERUs in the City by the Stormwater budget, including administrative costs.

Key points from the proposed budget include:

- The monthly rate per ERU will increase from $16.72 to $17.22.
- The maximum monthly ERU is set at $32.18.
- A transfer of $1.8 million from fund balance is planned to fund the Dommerich Drive / Lake of the Woods Creek project.
- Capital outlay of $2.1 million is allocated for construction at Dommerich Drive and Lake of the Woods Creek.
- A mid-year recommendation includes $95,000 to add a Supervisor position and a vehicle to increase in-house capacity and ensure compliance with State regulations.

3. FY 2026 SOLID WASTE FUND.

City Manager Reggentin presented an overview of the FY 2026 Solid Waste Fund budget, focusing on the expenditure increases, recommended rate adjustment and the fund's financial position. The fund currently projects a net positive position of approximately $2.9 million. Prior to last year, there had been no rate increases since 2011. The fund had absorbed rising costs, resulting in depletion of fund balance equivalents and a net loss last year. Without adjustments, the fund was projected to head toward a deficit. In response, City Council adopted a policy to pass through increases in disposal fees to customers, aligning with practices in other local governments to maintain fund stability. To maintain a zero net loss position in FY 2026, staff recommend continuing current rate increases, aiming for a projected net income of approximately $2.8 million.

Expenditure Increases:

- Waste hauling (WastePro) increases of 1%.
- Residential tipping fees increase of 5.25%.
- Commercial tipping fees increase of 12%.
- Compactor tipping fees increase of 12%.

Recommended Rate Increases:

- Residential rates increased by 6.25%, equivalent to $1.43 per month.
- Commercial rates increase by 13%, equivalent to $4.33 per month.

- Compactor fees increased by 13%, equivalent to $42.84 per month.

A brief discussion ensued. Council expressed consensus on the general direction of the recommendations and requested additional information to be presented at an upcoming meeting.

4. FY 2026 MISCELLANEOUS FUNDS.

City Manager Reggentin presented an overview of the FY 2026 Debt Service, Parks Trust Fund and Mobility (Miscellaneous/Special Revenue) Funds budget.

Debt Service Existing Obligations:
Staff briefly revisited the existing debt service obligations related to City Hall and the Police and Fire Stations, previously discussed during the General Fund workshop. These obligations are scheduled to be fully paid off in 2034, at which point the balance will be zeroed out. No action was required; this was provided for informational purposes only.

Library Debt Financing Update:
The City has not yet closed on the financing for the new library. Staff are working with Bond Counsel and the City's Financial Advisor to finalize the timeline.
Key milestones include:

- December 2025: Begin drafting bond resolution
- February 2026: Council consideration and approval
- March 2026: Distribute Offering Statement
- March 17, 2026: Projected bond sale date
- Early April 2026: Anticipated closing

Preliminary guidance from the City's Financial Advisor suggests that a 20-year repayment term offers the best financial balance. Interest rate comparisons provided were:

- 20-year: 4.31% – Interest cost of approximately $7.1 million, with a starting millage of 0.26
- 25-year: 4.58% – Interest cost of $9.7 million, millage of 0.24
- 30-year: 4.74% – Interest cost of $12.4 million, millage of 0.22

The estimated annual tax impact on a residential property with a taxable value of $500,000 would be:

- $130 (20-year), $120 (25-year), or $110 (30-year)

Park Impact Fee Fund:
Minimal current activity was reported in the Park Impact Fee Fund. Staff noted potential future revenue if new developments, such as the Maitland West Apartments or downtown redevelopment projects receive permits.

Mobility Fund:
The Mobility Fund, which has replaced the former Road Impact Fee Fund, may be used to support a variety of transportation-related improvements, including trails, sidewalks, and bike lanes. The fund is supported by fees from new development, with residential developments generating more revenue than commercial.
Currently, the Mobility Fund is earmarked for the Mechanic Street project, as identified in the City's 5-Year Capital Improvement Plan (CIP).

5. FY 2026 WATER & WASTEWATER FUND.

City Manager Reggentin presented an overview of the FY 2026 Water & Wastewater Fund including the 3-year operating plan, 5-year Capital Improvement Plan (CIP), and 10-year long-term capital strategy.

Operating revenues are stable following the rate structure amendment made two years ago. FY 2025 projected net operating income is $1.5 million. This income supports capital improvement funding.

Debt coverage requirements remain satisfied; the fund is in compliance with all related covenants.

Non-operating revenues were reviewed:

- Investment income is projected to be lower than last year.
- No intergovernmental revenue is projected for FY 24/25, as the DEP grant for Domerich Hills was previously recognized.

Capital cost increases have prompted a review by Bryan Mantz, the City's rate consultant, to assess future borrowing and debt service capacity.

The budgetary section, added in the prior year, aligns with TRIM advertisement requirements and includes total appropriation for operating, capital, and debt-related expenses.

Action Items / Next Steps:

- Continue to monitor fund performance and debt obligations.
- Await results from the rate consultant's review to assess any needed adjustments in future capital funding strategies.

III. ADJOURNMENT

City Manager Reggentin outlined the following next steps:

Monday, August 25, 2025 at 6:30 P.M.

- Set Stormwater Rate
- Set Solid Waste Rates

Monday, September 8, 2025 at 6:30 P.M.

- Truth in Millage (TRIM) Compliance Hearing
- First Reading of Tentative FY 2026 Budget
- Review of Capital Improvement Program (CIP) Draft

Monday, September 22, 2025 at 6:30 P.M.

- Adoption of Ad Valorem Millage Rate
- Final Budget Adoption for FY 2026
- Adoption of Capital Improvements Program (FY 2026–2030)

Thereupon, the FY 2026 budget workshop adjourned at 6:57 p.m.