MEETING MINUTES
SESSION OF THE BUDGET WORKSHOP
CITY OF KISSIMMEE
CITY HALL, COMMISSION CHAMBERS
101 CHURCH STREET, KISSIMMEE, FLORIDA 34741-5054
TUESDAY, JULY 28, 2026 AT 2:00 PM

1. MEETING CALLED TO ORDER

Members Present: Mayor Jackie Espinosa, Commissioners Noel Ortiz, Angela Eady, Carlos Alvarez, III, Janette Martinez

Staff Present: City Manager Mike Steigerwald, City Attorney Kalanit Oded, Deputy City Manager Desiree Matthews, Deputy City Manager Austin Blake, City Clerk Tameara Crespo, Finance Director Tavia Ritchie

Mayor Espinosa called the meeting to order at 2:00 PM.

2. WORKSHOP BUSINESS

Staff presented an overview of the FY 2027 budget process, including advertised millage rate and TRIM notice deadlines prior to the September budget hearings. Finance Director Tavia Ritchie provided the budget presentation (Exhibit "A"), outlining fund and position reviews, budget decisions, and the proposed millage rate. Staff advised that a millage increase was not being recommended and that the budget could be balanced through the use of reserves, with continued adjustments anticipated for FY 2028.

City Manager Steigerwald reviewed the General Fund, noting that public safety represents the largest portion of expenditures and that compensation increases have been necessary to remain competitive and retain qualified employees. Staff discussed balancing required services with discretionary programs and maintaining awareness of reserve impacts moving forward. He further reviewed proposed personnel and operating reductions, community and partner support reductions, and requested Commission policy direction regarding potential reductions. A peer city comparison was also presented and discussed.

Staff recommended maintaining the current millage rate of 4.6253 mills. The Commission reached consensus to maintain the existing millage rate.

Commission discussion also included providing additional details regarding the tiered staff positions discussed in June and expansion on community partner funding, including presentations from external partners regarding service impacts, and providing future budget workshop meetings via livestream.

Staff will provide additional information regarding external services, the tiered city positions, and will bring back recommended operating reductions at the August budget workshop. Final budget hearings schedules were reviewed. Mayor Espinosa announced she will not be attending the August 4th commission meeting.

3. GENERAL DISCUSSION

4. ADJOURNMENT

There being no further business to come before the Commission, Mayor Espinosa adjourned the meeting at 2:55 PM.

7/28/2026

MAYOR-COMMISSIONER

ATTEST:

Tameara Crespo

CITY CLERK

Exhibit "A"
7/28/26

RECORD COPY

CITY OF
KISSIMMEE
1883

FY2027 Budget Review & Discussion

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Today's Agenda

- **Position & Fund Overview**
  General position, indicators, and outlook
- **Discussion & Decisions**
  Proposed recommendations and impacts
- **Set Millage**
  Establishing the rate for FY27

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Growth Slowing. Spending Down.

Consumer spending turned negative to start 2026

The City's sales tax revenue moves with consumer spending, and spending is slowing. The region has seen back-to-back year-over-year declines in January and February 2026, the first since tariff expansion began mid-2025, putting downward pressure on projected collections.

Job growth has nearly stalled

The Orlando MSA added only 1,500 jobs in the 12 months ending February 2026, versus 9,000 jobs in the same period a year earlier and a pre-pandemic average of 43,000. The primary drags are employment services, construction, and retail.

Florida loses its growth edge

Florida's growth advantage may disappear in 2026 due to weaker job creation, housing affordability headwinds, and slowing in-migration.

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Local property value growth is slowing too, with taxable value up only 7% for 2026 compared to 11% in 2025.

Overall, General Fund revenue is expected to increase only 4.2% next year.

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Costs that don't wait for revenue.

Personnel Cost

61% of General Fund budget is personnel related. Ongoing competition from surrounding governments, especially with professional-level and public safety positions, has created circumstances where salaries to recruit and retain police officers and firefighters have outpaced our revenue growth. Public safety salaries have averaged a 9% increase over the last three fiscal years.

Pension

+15% higher than 2025 Actuarially Determined Contribution (ADC) across all three plans. If investment returns underperform the assumed rate, the unfunded liability grows and the City must cover this non-negotiable cost.

Healthcare

+12% projected cost increase in 2027. Rising healthcare costs are a national trend. Locally, the City's share is expected to reach almost $20,000 per employee for healthcare. The City's role in funding employee healthcare is largely set by its collective bargaining agreements.

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WHAT THE FINANCIAL INDICATORS ARE TELLING US

Kissimmee brings in reasonable revenue for its size, and we are already acting to counteract some cost pressures that are hitting cities statewide.

The reserves available to absorb a bad year are shrinking, a trend that needs to change. The decisions ahead are about staying disciplined on what we can still control.

Favorable:

Intergovernmental revenue relative to total revenue, the millage rate, and total revenue relative to population. The City is not overly dependent on state and federal dollars, the tax rate remains reasonable against peer cities, and revenue per resident holds up well against those same benchmarks.

Cost pressures shaped by outside forces:

Statewide pension actuarial requirements, insurance market inflation, and construction costs are pushing per-resident costs up for cities across Florida, and Kissimmee is feeling that same pressure. Most of our debt service reflects projects Commission already approved in prior years delivering now, not new borrowing. These forces are showing up in total expenditures, debt, and reserve levels relative to population, which is exactly why we are moving now to hold FY27 capital to $1.5 million and keep staffing flat.

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Utility and Enterprise Funds are Holding Their Own

Stormwater

Projected to generate approximately $8.1 million in FY27 revenue at the current $11.09 per month, per ERU rate. No new positions planned.

Solid Waste

Projected to generate approximately $8.25 million in FY27 revenue at the current $24.92 per month, per residence rate. The fund is using reserves to balance due to budgeted truck purchases. No new positions planned.

Airport

Projected to generate approximately $3.1 million in FY27 revenue supported by landing fees and grant matches. No new positions are planned.

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Dedicated Funds Support Specific Priorities

LOCAL OPTION GAS TAX

Restricted to transportation-related maintenance and construction.

LOCAL OPTION SALES TAX

Supports infrastructure and capital priorities identified in the interlocal agreement.

BUILDING FUND

Supports building safety operations through fee revenue from permitting and inspections.

COMMUNITY REDEVELOPMENT

Restricted to reinvestment inside the designated redevelopment districts.

Dedicated funds are restricted to their intended purposes

Each dedicated fund addresses a specific task or need within the community. These funds are restricted by law or interlocal agreements and cannot be used to fill any General Fund gaps.

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General Fund Overview

$115.7M

REVENUE FOR FY27

+4.2% from FY26

$125.6M

PROJECTED EXPENDITURES

~61% of total expenditures are personnel cost.

$9.4M

RELIANCE ON FUND BALANCE FOR FY27

Balancing FY27 requires drawing down savings, which is not a sustainable approach

Growth and revenue are not keeping pace

Capital requests have been reduced to only $1M for year one, and no additional requests are planned in the five-year budget. Closing the remaining gap will require real choices on what the City is required to provide and what the City chooses to provide.

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Actions Already Underway

Steps taken before FY27 budget development:

- Eliminated 14 new positions from FY26, plus 10 full- and part-time positions after reorganization
- Hiring freeze in place, except for firefighters, police officers, and mission critical positions
- Suspended the construction of Mark E. Durbin Community Center
- Modified fleet replacement criteria and suspended all employee out-of-state travel

No additional positions are included in the budget except Engine 5 personnel in FY28.

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Proposed Personnel & Operating Reduction

Personnel Impacts for FY2027:

- $1.5 million reduction in personnel cost
- Vacant positions addressed first, before any reduction in force
- Estimated total impact of 15 to 20 positions
- Eliminated positions would exclude sworn firefighters, police officers, and any core/mission-critical positions

Operating Impacts for FY2027:

- $1.25 million reduction in operating cost
- Decisions about community and partner support funding reductions would count towards this goal
- Departments will be directed to reduce non-essential operating expenses

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Community & Partner Support Reductions

Item	Annual reduction
Economic development partners UCF Incubator, National Entrepreneurial Center, SBDC, Prospera	$210,000
Quality of Life and Social Services, reduced 50%	$200,000
Kissimmee Main Street General Fund contribution	$120,000
Osceola Legislative Effort (OLE)	$35,000
Community Benefit Grant	$25,000
Special event fee waivers for non-City signature events, reduced 50%	$18,000
Subtotal	**$608,000**

Full reduction unless otherwise noted. Quality of Life and Social Services retains $200,000 in annual funding after the reduction.

Each of these is a policy choice for the Commission

These are contributions and fee waivers the City provides to community partners. Reducing them does not change day-to-day service delivery.

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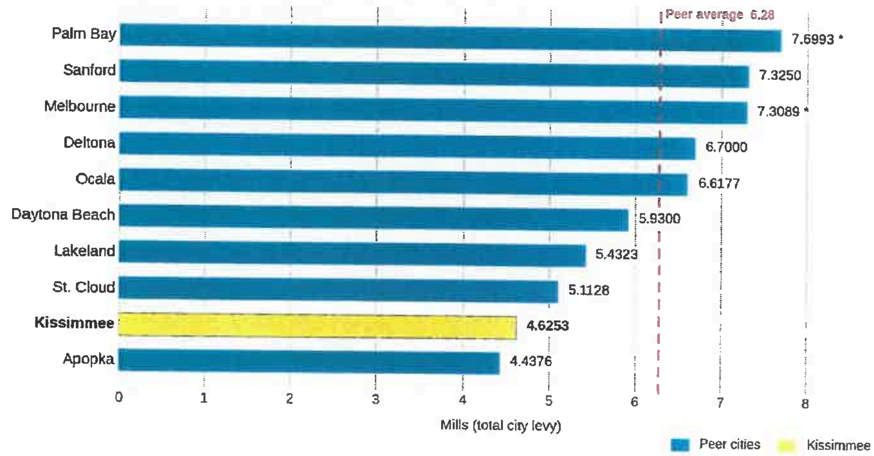
PEER CITY COMPARISON: TOTAL CITY LEVY

FY2026 adopted rates | Operating plus voted debt service millage



* Total includes a separate voted debt service millage: Palm Bay 0.9993, Melbourne 0.2977.
Excludes county, school district, and water management district levies. Peer average excludes Kissimmee.
Sources: adopted FY2026 city budgets, council resolutions, and county property appraiser certified millage tables.

4.6253

CURRENT MILLAGE RATE

The City's rate remains among the lowest of its peer cities.

$32.5M

FROM PROPERTY TAXES IN FY26

Current property taxes bring in $32.5M, which doesn't cover the budgets of either the Fire or Police departments.

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Next Steps

- Questions & Answers
- Setting the millage rate for FY 2027
- Staff returns with a balanced budget for the August workshop

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