MEETING MINUTES
SESSION OF THE COMMISSION WORKSHOP (BUDGET DISCUSSION & COMMISSION TRAVEL POLICY)
CITY OF KISSIMMEE
CITY HALL, COMMISSION CHAMBERS
101 CHURCH STREET, KISSIMMEE, FLORIDA 34741-5054
MONDAY, JUNE 29, 2026, AT 6:00 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 6:00 PM.

2. WORKSHOP BUSINESS

2.A <u>Discussion on Proposed Budget</u>
Staff is requesting direction from the City Commission on proposed budget updates.

The City Manager opened the workshop by providing an overview of proposed state legislation related to property tax reform and explained the need for the workshop to gather Commission feedback regarding its potential fiscal impacts on the City's General Fund. He reviewed the proposed constitutional amendment, including the phased increase to the homestead exemption and the long-term objective of eliminating property taxes. Discussion also included restrictions on the use of property tax revenues for public services, concerns regarding the City's ability to fund future police and fire staffing, and the potential impacts on employee recruitment, retention, and collective bargaining.

Finance Director Tavia Ritchie presented an overview of the City's current financial condition and economic status. Following the financial presentation, the City Manager reviewed a PowerPoint presentation (Exhibit “A”) outlining projected fiscal scenarios should the amendment pass or fail. The presentation addressed long-term financial planning, fiscal risks, service level considerations, and proactive measures already underway. Discussion also included personnel planning, including a Tier 1-4 position classification model (Exhibit “B”), vacant positions, and the potential elimination of unfilled and frozen positions.

City Manager Steigerwald then presented five topics for Commission consideration and direction: Community Investment and Partner-Delivered Programs; Parks, Recreation and Public Lands; Neighborhood and Community Engagement; Economic Development; and Policy and Institutional Spending. The workshop concluded with a discussion of potential budget-balancing strategies, including fire assessments, personnel reductions, millage rate adjustments, commercial annexation, and other fiscal options. Commissioners provided feedback throughout the discussion, including evaluating service levels, reducing and retaining certain community programs, limiting signature event fee waivers, reviewing contracts, and outsourcing select services.

2.B <u>Discussion on Commission Travel Policy</u>
Review and direction of the Commission Travel Policy.

City Manager Steigerwald reviewed the current travel policy. Commissioner Martinez referenced a recent funding request and suggested utilizing City staff to attend certain economic development trips when appropriate to reduce costs. Following discussion, the

Commission reached consensus to retain the existing policy while emphasizing the importance of fiscal responsibility, maintaining a balanced budget, and limiting travel.

3. GENERAL DISCUSSION

4. ADJOURNMENT

Mayor Espinosa made a motion to adjourn. Commissioner Eady seconded the motion.

Motion carried 5-0.

There being no further business to come before the Commission, Mayor Espinosa adjourned the meeting at 7:49 PM.

Jackie Espinosa

MAYOR-COMMISSIONER

ATTEST:

Tameara Crespo

CITY CLERK

EXHIBIT "A"

RECORD COPY

CITY OF
KISSIMMEE
1883

Service Priorities
& Fiscal Outlook

City of Kissimmee, Florida
City Commission Workshop · June 29, 2026

Growth Slowing. Spending Down.

"Widespread economic and political uncertainty appears to be impacting consumer-facing sectors in early 2026."
-OEP, Q1 2026 Market Update

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.

Unemployment rising sharply
Regional unemployment reached 4.7% in February 2026, up from 3.5% a year ago, roughly 20,000 more residents unemployed than in February 2025. The ratio of unemployed workers to job openings has risen to 1.34, above the national average.

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.

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

OBLIGATIONS

Costs That Don't Wait for Revenue

PERSONNEL

70%

of general fund budget is personnel-related

The City invests tens of thousands to hire and train a sworn officer or firefighter before they're productive.

Ongoing competition from surrounding governments, especially with professional-level and public safety positions.

PENSION

+$2M

higher Annually Required Contribution (ARC) compared to 2025 across all three plans.

If investment returns underperform the assumed rate, the unfunded liability grows and the actuarially required contribution goes up. That number is not optional and not negotiable.

HEALTHCARE

+8.9%

projected cost increase in 2026.

Rising healthcare costs are a national trend, with employer expenses projected to climb 6% industrywide (Mercer). Locally, the City's share is expected to reach $19,958 per employee for healthcare.

The City's role in funding employee healthcare is mainly fixed by its collective bargaining agreements.

Maintenance & Upkeep |
Deferring maintenance on fleet assets, buildings, and infrastructure is never a savings. It almost always is a cost shifted to a higher-priced future repair, emergency or liability.

DEBT

Our Credit Rating is a Public Asset

Our bonds are legal obligations – not policy choices
Debt service gets paid first, regardless of what else is happening in the budget. The City carries millions in outstanding debt backed by non-ad valorem revenues. These aren't optional commitments.

Credit ratings don't wait for a default to move
Rating agencies watch revenue stability and budget flexibility. A structural reduction in property tax revenue signals risk and increases borrowing costs.

Higher risk means higher cost, and residents pay the difference
When investors price in more uncertainty, borrowing costs rise on every future capital project; roads, facilities, equipment.

WHAT'S AT STAKE

AA+
current bond with a stable outlook from Fitch

$8.7M
legally required to pay each year in debt service

LEGISLATIVE THREAT

Florida's Most Significant Property Tax Reform in State History

Regular Session: January to March 13, 2026
House passed seven separate proposals, but none advanced in the Senate.

Special Session: June 1–3, 2026
Governor DeSantis called a special session. HJR 1F, "Save Our Homes from Excessive Property Taxes", passed. Placed on the November 3, 2026, ballot.

No Replacement Revenue: Deliberate
The Legislature ultimately rejected an option to provide a state backstop for lost revenue.

Lawsuit Challenging HJR 1F
Plaintiffs argue the ballot language is "unconstitutionally biased, misleading, and improper". Timing of the Court's decision could still result in an opportunity for the Legislature to provide a cure before the ballot language submission deadline.

STATEWIDE ANNUAL LOSS

$8.4B

legislative staff estimate upon full implementation

-$3.7M

Year 1 Est. City Impact

-$5.5M

Year 2 Est. City Impact

60% voter approval needed

November 3, 2026

What HJR 1F Would Do: Three Provisions

01

EXPAND HOMESTEAD EXEMPTION

$50,000 → **$150,000**
effective January 1, 2027

$150,000 → **$250,000**
effective January 1, 2028

New FL residents enter at $50k; step up after five years of continuous residency. Indexed to CPI going forward.

Legislature directed to develop schedule for full elimination of homestead taxes. Treat $250k as a stage, not an endpoint.

02

RESTRICTED USE OF PROPERTY REVENUE

Key permitted uses:

- Law enforcement, fire, & EMS
- Roads and bridges
- Natural resource projects, including flood control
- Eligible debt service
- Employee pension obligations

This is a constitutional restriction, and services outside these categories require alternative funding or a service-level decision.

HJR 1F did not establish a budget floor for any permitted use, leaving uses exposed to revenue reduction.

03

GROWTH LIMITS ON NON-HOMESTEADED PROPERTIES

Annual cap on non-homestead property assessment increases would go into effect January 1, 2027.

10% → **5%**

Compresses future taxable value growth on investment and commercial properties, leaving a long-lasting effect.

Homesteaded properties are already capped using *Save Our Homes* at 3%.

FIRE ASSESSMENT

The City's Existing Fire Assessment is Insulated from HJR 1F

Fire Assessment Recap
A fire assessment is levied based on the benefit each parcel receives from fire protection, not on assessed value. Legally distinct from an ad valorem property tax but is collected on the tax bill.

- ✓ Not subject to homestead exemption
- ✓ Not subject to *Save Our Homes* caps
- ✓ Not reduced by the HJR 1F expanded exemption

LEGALLY RESTRICTED USES

Revenue from the fire assessment is legally restricted to **fire services only.**

Cannot supplement parks, public works, police or other general fund operations.

Non-fire services in the General Fund remain fully exposed to HJR 1F revenue reduction.

Assessments for Law Enforcement are not legally permitted.

Two Layers of Fiscal Risk – Both Require Action

LAYER 1 – HAPPENING NOW

Regardless of the November election outcome, rising cost obligations such as personnel, benefits, debt service, and operational commitment are each contributing to the City's expenses and outpacing current revenues.

Without baseline stabilization, the City will enter FY2026-27 with a gap that compounds annually.

Action Required Before October 1, 2026
Decisions ahead of the new fiscal year must be made to adopt a balanced budget and meet the Commission's mandate of a 20% fund balance at the end of year five.

LAYER 2 – IF AMENDMENT PASSES

Without post-election adjustments to revenue, the combined shortfall would require the deepest service reductions the City has faced in modern history. Its impacts would be far reaching and greater than those experienced in the Great Recession.

59-88
positions are at risk if no action is taken. The resulting service reductions would be visible to the community and affect the services residents depend on most.

The purpose of planning now is to avoid arriving at the worst outcome for our community by default…

WHY REVENUE MATTERS

THE FUTURE OF KISSIMMEE


KISSIMMEE

2025 TARGETS FOR ACTION

TOP PRIORITY

THE HAVEN ON VINE
Federal Funding for Transitional Housing and RFP for Non-Profit Operator

YOUTH SERVICES/PROGRAMS
Assess Current Programs, Report with Findings, Enhancements, Direction, and Funding

DOWNTOWN HOTEL
Development Partnership, Direction and Development Agreement

CIVIC CENTER RENOVATION
Plan and Funding Mechanism (including TDT Funding)

BOND PACKAGE 2024 DIRECTION
Project List and Funding Direction (including Fire Stations and Lakeside Community Center)

LAKESIDE COMMUNITY CENTER
Design

HIGH PRIORITY

CITY COMMISSION RETIREMENT
Direction and Funding

LAKEFRONT BOAT & KAYAK RENTAL
Direction and Action

WEEKEND RAIL SERVICE
Advocacy and Operations

COMMUNITY EVENTS AND FESTIVALS ENHANCEMENT/EXPANSION
City Role, Partnerships/Sponsorships, Evaluation, Direction and Funding

EMPLOYEE CHILDCARE PROGRAM
Updated Report, Direction, City Partners & City Actions

DOWNTOWN GROCERY STORE
Outreach to Businesses, Report with Findings, Direction and City Actions

ROAD RESURFACING PROJECT
Completed (Neighborhood Streets and Columbia)

FIELDHOUSE AT LANCASTER PARK AND SPORTS TOURISM
Definition of Concept, Investigation Options, Report and Direction

CITY OF KISSIMMEE 2029 GOALS

Stronger Economy with More Quality Jobs
Best Services, Financially Sound City
Effective Transportation System Growth
Livable Community For All
Vibrant Downtown & Beautiful Lakefront


KISSIMMEE

2026 TARGETS FOR ACTION

TOP PRIORITIES

- FUNDING FOR U.S. CUSTOMS AT KISSIMMEE GATEWAY AIRPORT
- REDEVELOPMENT OF WEST VINE STREET RETAIL PARCEL
- DIRECTION FOR DOWNTOWN HOTEL DEVELOPMENT
- FIRE FUNDING AND STAFFING 24/72 SCHEDULE
- SECURING TOURIST DEVELOPMENT TAX (TDT) REVENUE FROM OSCEOLA COUNTY

HIGH PRIORITIES

- DOWNTOWN SUPERMARKET & MIXED-USE DEVELOPMENT
- CODE ENFORCEMENT ENHANCED PERFORMANCE
- SUNRAIL SERVICE AND HOURS EXPANSION
- COLLABORATION STRATEGY WITH OSCEOLA COUNTY
- ARTS AND CULTURE IN DOWNTOWN EXPANSION

CITY OF KISSIMMEE 2030 GOALS

Stronger Economy with More Quality Jobs
Best Services, Financially Sound City
Effective Transportation System Growth
Livable Community For All
Vibrant Downtown & Beautiful Lakefront

?

SERVICE FRAMEWORK

A Framework for Every Service

Every City function is assigned to one of four tiers. The work performed determines the tier, not the department or the job class/title. Tier determines priority in any reduction sequence.

TIER 1	TIER 2	TIER 3	TIER 4
Legally Required	**Essential City Service**	**Quality-of-Life Service**	**Service Expansion**
A law, contract, or the City Charter requires this function. A specific citation exists.	Not legally required but removing it would cause core City operations to fail.	Valuable to the community, but the City could continue basic operations without it. Removal degrades service and community experience.	An enhancement or capacity above the operational minimum. Adds value beyond what core services require.
MOST PROTECTED	**PROTECTED**	**REVIEW SEQUENCE**	**CONSIDERED FIRST**

BEFORE THE WORKSHOP

Proactive Steps Already Underway

- Eliminated 14 new FY26 full-time and part-time positions. (*All positions were vacant as city management froze those impacted positions immediately on Oct. 1, 2025, in anticipation of potential revenue declines.*)
- Deferred all new position requests across all departments for the next five years. *(Excluding personnel required for Engine 5, scheduled for service beginning FY28.)*
- Implemented a full-hiring freeze in all departments except for sworn fire/police personnel or those deemed by city management to be mission critical.
- Implemented a modified fleet replacement model that focuses on the most critical needs.
- Suspended executing new contracts for goods and services if they do not support Tier 1 efforts.
- Suspended executing any new construction contracts.
- Suspended the construction of Mark E. Durbin Community Center *(due to unfundable personnel cost).*
- Suspended all employee out-of-state travel.
- Suspended non-CBA required tuition reimbursement programs.
- Notified all existing vendors of potential impacts in the event the amendment passes.

Your priorities. Your policy. The decisions made here determine what gets funded, what gets cut, and what Kissimmee looks like… tomorrow.

City of Kissimmee, Florida

Topic A

Community Investment & Partner-Delivered Programs

COMMISSION QUESTION

What direction would the Commission like to take on funding community programs, services, and special events?

Annual General Fund Allocation

$450K SS/QOL + $120K for Events

WHAT IS IN FOCUS

Social Services & Human Services

Homeless initiatives, senior programming, and similar partner-delivered human services funded through General Fund.

Quality-of-Life, Arts, Culture, and Civic Programming

Civic programming investments and the Community Benefit Fund, managed by the Parks & Recreation Advisory Board.

Signature Events

City co-sponsored or funded events flagged as “signature” due to attendance and popularity thresholds. City contributions in the form of fee waivers for *Signature Events* are more than $120K annually.

Recent legislation focusing on City's involvement in what the state considers "DEI" initiatives may prevent the City from providing any financial support, including in-kind, for some Signature Events.

Not in Focus: *CDBG and other federal/state dollars used by the City to provide much-needed support related to housing and life-improving services. Housing and support services provided at The Haven on Vine will continue due to its cost neutral funding model.*

Topic B

Parks, Recreation & Public Lands

COMMISSION QUESTION

What level of parks maintenance and recreation programming investment does the Commission want to provide?

Two distinct operational activities: different staffing, cost drivers, and community impacts. Each can be evaluated independently.

1. PROGRAMMING

- Structured recreation programs, classes, leagues, and camps
- Aquatics programming and facility operations
- Community center programming, event hosting, and activities in parks
- Youth and adult athletic programming

2. MAINTENANCE

- Grounds maintenance and landscaping at all parks and public locations
- Athletic field maintenance and preparation
- Facility upkeep, repairs, and capital maintenance
- Expanded use of maintenance contracts and outsourced grounds services

Topic C

Neighborhood & Community Engagement

COMMISSION QUESTION

How should the City balance investment in code compliance, communications, and specialty public safety initiative units and programs?

Covers the City's direct investment reaching code compliance, connecting residents to City resources, to each other, and to Civic participation.

WHAT IS IN FOCUS

Code Compliance & Enforcement
Proactive and reactive code enforcement, neighborhood standards compliance, and related community accountability programs.

Communications, Marketing, & Public Affairs
Resident outreach, media relations, public information, and the infrastructure connecting the community to City services and decisions across all departments.

Specialty Units within Fire & Police
Units providing non-core services beyond emergency response or secondary required services – including community liaison programs, outreach functions, and functions carried out by specialty units in which a reduction could continue through the department's primary providers.

Non-Profit Micro Support
Support received by non-profits that help fund their operations through fundraising activities typically in the form of ceremonies or galas.

Topic D

Economic Development

COMMISSION QUESTION

What level of commitment should the City have to economic development programs, small business development, and skill building?

This decision would not impact already agreed upon economic development incentives for ongoing projects with an agreement, MOU, etc. that establish the City's commitment.

WHAT IS IN FOCUS

Economic Development Incentives
$125K annually allocated to the Economic Development Incentive program to help fund programs such as the Aerospace Initiative, Medical Arts District, and Downtown Activation to help attract and make unique redevelopment more achievable for community investors.

Business Support and Business/Entrepreneur Development
National Entrepreneur Center, Prospera, SBDC, and UCF Incubator contributions totaled $210K in the current fiscal year.

Kissimmee Main Street
~$125K (70%) of the $175K agreement comes from the General Fund. The remainder is paid for by the Downtown Kissimmee CRA.

Topic E

Policy & Institutional Spending

COMMISSION QUESTION

What is the Commission's direction on organizational memberships, lobbying efforts, and Commission Travel?

Some policy spending gates access to funding investment. That distinction matters for any reduction analysis.

WHAT IS IN FOCUS

Organizational Memberships
National League of Cities, Florida League of Cities, and other professional and policy organizations.

State, Federal, and Local Lobbying Efforts
State and federal advocacy, Osceola Legislative Effort (OLE), and other types of related government relations representation.

Out-of-State Employee and Commission Travel
Events, conferences, and travel for all staff and elected officials.

Not In Focus: *Memberships to* ***MetroPlan*** *and* ***Orlando Economic Partnership (OEP)*** *are required to receive associated transportation funding or economic leads. The reinvestment benefit was weighed against the membership cost, leading to these memberships not in focus for potential reductions.*

17

consecutive years without a millage rate increase

POSITION

A Credential and a Constraint

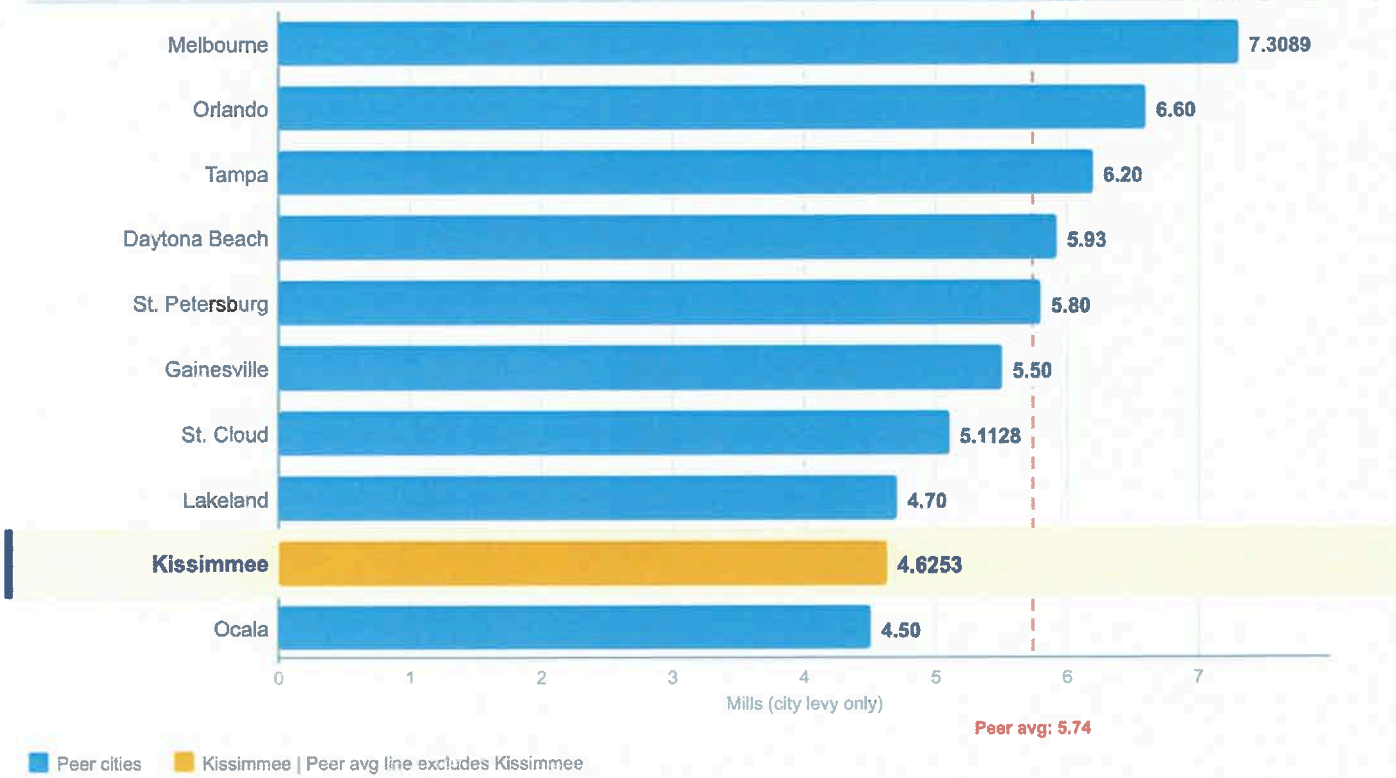
The discipline
Every dollar of budget growth over 17 years came from assessed value growth and internal efficiency, not rate increases. Property owners absorbed population growth and inflation without a higher rate.

The constraint
A city that has not raised its rate in 17 years has less flexibility to absorb a sudden revenue change compared to one that adjusts regularly. With that, the City will have to navigate revenue threats in the coming years with narrower capacity.

4.6253 mills · City's share: ~27% of combined 17.4114 mill burden on property owners

Millage Rate Context

PEER CITY COMPARISON — CITY LEVY ONLY | FY 2026



4.6253
millage rate for FY26

$31M
generated from property taxes in FY26

The City's millage rate is competitive by any regional benchmark. The more important question is not where it stands today, but if it's enough to support the City's commitment to the Community for a thriving place to call home.

Fire Assessment Context

City of Kissimmee

$257/year Fire Assessment Single family home $275k valuation	**$949/year** Fire Assessment McDonald's	**$4,285/year** Fire Assessment Walmart

Osceola County

$635/year Fire & EMS Fees Single family home $300k valuation	**$3,595/year** Fire & EMS Fees McDonald's	**$110,900/year** Fire & EMS Fees Walmart

$6.1M

Revenue generated from the City's fire assessment for FY26.

The City calculates fire assessments using an **improvement value methodology,** consisting of a base flat fee for each parcel and an additional assessment based on the property's improvement value (per $1,000 of assessed improvements).

Topic F

Balancing Scenarios and Timing Implications

Scenario A
Acting before FY2026-27 prevents natural expense growth from compounding.

After the election, expand revenue under A1 to be effective October 1, 2028.

Scenario B
Stabilize before FY2026-27, then wait for election results.

After the election, choose a balancing follow-up scenario of B1, B2, or B3 to be effective October 1, 2028.

BEFORE ELECTION DAY

Scenario A

Personnel Reduction	$1.5M
Operating Reduction	$1.85M
Capital Reduction	$11M

20-29 positions eliminated

Scenario B

Personnel Reduction	$1.4M
Operating Reduction	$1.95M
Capital Reduction	$11M

18-27 positions eliminated

AFTER ELECTION DAY

A1

Fire Assessment	+$2.5M
Millage Rate Increase	+0.25

No positions eliminated

B1

Personnel Reduction	$3.2M
Operating Reduction	$2M
Revenue Tools	None

41-61 more positions eliminated

B2

Personnel Reduction	$750K
Operating Reduction	$2M
Fire Assessment	+$2.5M
Millage Rate Increase	None

10-15 more positions eliminated

B3

Personnel Reduction	None
Operating Reduction	$250K
Fire Assessment	+$2.5M
Millage Rate Increase	+0.25

No positions eliminated

Topic G

Future of Revenue

COMMISSION QUESTION

How does the Commission feel about the existing revenue levels generated from the current millage rate and fire assessment?

WHAT IS IN FOCUS

Fire Assessment and Millage Rate
These scenarios depict the impacts on various property types with increasing Fire Assessment collections by +$2.5M annually and adjusting the millage rate by +0.25 mills.

Single family homesteaded home $250k valuation

+$99 fire assessment annually

$0 property taxes annually

McDonald's

+$523 fire assessment annually

+$565 property taxes annually

Walmart

+$1,800 fire assessment annually

+$2,853 property taxes annually

Vine St Shoppes

+$2,643 fire assessment annually

+$5,577 property taxes annually

EXHIBIT "B"

RECORD COPY

Social Services Funding for Fiscal Year 2025-26

Osceola Council on Aging	Meals on Wheels	$	40,000
Osceola Mental Health (Park Place)	Residence Level IV Adult Substance Abuse/Transitional Living	$	40,000
Aspire Health Partners	Bridge Housing for homeless women and children.	$	35,000
Help Now of Osceola, Inc.	Domestic Violence Shelter and Support	$	40,000
Hope Partnership, Inc.	Homeless Prevention and Diversion	$	25,000
Church and Community Assistance Program	Homeless Services, Prevention, and Intervention	$	15,000
Osceola Community Health Services	Mobile Medical Unit		LP045 Funding
Community Coordinate Care for Children (4C)	Head Start Program	$	10,000
The Opportunity Center (Osceola ARC)	Adult Day Training	$	15,000
City of Kissimmee	Leveraging access to regional funding for housing the chronically homeless.	$	50,208
Mark E. Durbin Scholarship	Education Foundation Endowment (Funding Commitment)	$	50,000
Early Learning Coalition	Literacy Program	$	9,792
Early Learning Coalition	Family Child Care Support	$	15,000
The Transition House, Inc.	Residential Support	$	15,000
Central Florida YMCA	Child Care Scholarships	$	10,000
Haven on Vine Construction		$	75,000
	Total:	**$**	**445,000**

Tier 1 Examples
Building Official, Building Inspectors
City Manager, City Attorney
Finance Director, Some Procurement Roles
National Pollutant Discharge Elimination System Related
Stormwater Inspectors

Tier 2 Examples
9-1-1 Operations
Facility Maintenance
Fire Operations
Fleet Maintenance
Organizational Leadership
Parks & Public Lands Maintenance
Primary Police Operations (Patrol, Investigations, Evidence/Forensics, etc.)
Some Portions of Streets Operations (PW)

Tier 3 Examples
Administrative Support Personnel
Communications and Marketing Efforts
Community Center Programs
Finance Support Services/Personnel
Park Rangers, Parking Enforcement, Red Light Camera Specialist
Some Specialty Police Unit
Special Event Personnel

Tier 4 Examples
Business Development & Redevelopment Assistance
Community Outreach or Service Navigator Services
Some Entry Level Administrative Support
Some Portions of Communications and Marketing

The above examples were listed in alphabetical order and the list is not inclusive of all service types and roles. The list represents only a sample for general reference.