AGENDA MINUTES
CITY COMMISSION MEETING
CITY HALL, 501 W MEADOW STREET
TUESDAY, JULY 15, 2025 5:30 PM

1. CALL TO ORDER

The City of Leesburg Commission held a budget workshop meeting on Tuesday, July 15, 2025, at Leesburg City Hall. Mayor Reisman called the meeting to order at 5:30 p.m. with the following members present:

Commissioner Allyson Berry
Commissioner Jimmy Burry
Commissioner Jay Connell
Commissioner Mike Pederson
Mayor Alan Reisman

Also present were City Manager (CM) Al Minner, City Clerk (CC) J. Andi Purvis, Budget Director (BD) Brandy McDaniel, the news media, and others.

INVOCATION

Mayor Reisman gave the invocation followed by the Pledge of Allegiance to the Flag of the United States of America.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. FY 2025-26 Budget Workshop Presentation

CM Minner informed the commission that the budget director would be handling tonight's presentation. **BD McDaniel** stated tonight they would go over water, wastewater, solid waste, stormwater, airport, the pension funds and the internal service funds, which are health insurance, workers' compensation, and fleet.

ENTERPRISE FUNDS

Water:
Referring to the slides, she said that right now we are projecting $14.7 million and the required reserve is around $3.8 million. We also have current projects of about $4.6 million that are in the budget now. Then next year we will try to use $1.8 million. We are also projecting a 10% rate increase for FY 26 to cover aging infrastructure and treatment costs because those have continued to just go up. She then showed the current water rate along with the proposed water rate, which is a 10% increase. Referring to a chart, she said even with the increase that only drops us a couple of spots compared to other cities. Referring to the averages, we will still be a lot lower than the average. There was a rate study done in 2014, and she could

not say when the last time was that we increased water and wastewater rates, which is why we are proposing both. The rate study that was done in 2014 was not implemented, and we left the rates alone. So, it has been a really long time since we have done a full-blown rate study, and now we feel like we need to increase them, plus we would still be one of the lowest in the area. Looking at the revenues. We are a little bit up from last year, and we are using some fund balance that she talked about, the $1.8 million, which would come from cash, which then affects the cash graph. Water expenses are up a little bit and a lot of that is due to capital projects, because it is going from $375,000 to $3.8 million. The rest of the expenses are pretty much the same. The current capital projects going on right now are the Turnpike Widening Relocation, which is a 90% design. On the Stock Subdivision Design, they are currently working with the engineer. Troon Creek 2 is a developer-contributed project, so they will put the infrastructure in, and then we will pay them for that. With the Elevated Tank Inspection, they have done the tanks at Main, and they are currently working on the ones at the mall. Then the Main Water Treatment Plant generator is here just in time for hurricane season, and they are hooking it up now. **Mayor Reisman** asked about the Stock Subdivision. **BD McDaniel** answered they needed to move the lines from the back to the front because there were a lot of lines in the back, and they wanted them moved to the front. So, there are a lot of old lines there and there is low fire flow, so they are worried about some of the water flow there. **Commissioner Berry** wanted to verify that the Main WTP Generator was going in at the Main Water Treatment Plant. **BD McDaniel** agreed and said that they are getting a new generator there. She continued to say that for FY 26 we will continue down US 27 with the southern infrastructure of the water main on Highway 27, which is being upgraded for $2 million. On Bentley Road, we will replace a 12-inch main, because those are old lines that we are replacing. In the Stock subdivision, we will come in and do the design, then do construction next year. Then they have the normal stuff that they do every year. She asked if there were any further questions about water. **Commissioner Pederson** stated he did not want to get bogged down on this, but it did seem like a pretty big hit with the Turnpike requiring us to move it at the cost of $3.8 million, but there really are no other options there. **CM Minner** agreed. There are no other options. That is required by the state, as the state is putting in those new ingress/egress ramps and widening the turnpike. They are requiring us to move the facilities. In fact, they are working with us by moving some stuff around to lower the financial burden, but we have to move the utilities out of their way and this will impact gas, water, and sewer. **Commissioner Pederson** remarked that it had been said before, but when he saw that big number he had to question it a little bit. **BD McDaniel** asked if there were any other questions about water. There were none.

Wastewater:
With wastewater, we are upgrading the Turnpike plant, so we had a lot of money, but we are now starting to dwindle that money down. We have a required reserve of $4.5 million, and we have $9.3 million in current projects. We also have the SAHFI funds, which are $20 million that the city has been awarded, and this chart does not reflect that, because we are still waiting because that was money left over from the hurricane relief funds. We have not put that into the budget because we are waiting for a list of projects, but we will get those added in. This fund also proposes a 10% increase for FY 26. We are seeing the same thing here because rates have not increased in many years. Again, even at the current rate, we will still be one of the lowest in the area and even with the 10% increase, we do not even move. Again, in this fund we have a lot of aging infrastructure and operating costs. With the wastewater revenues, just to clarify, licenses and permits are impact fees, and we have gotten into the habit of budgeting impact fees. She does not like to budget impact fees because we have to turn around and give them back to the developer. So, in FY 26, we did not budget any impact fees. We do get them in, but it is not like we can turn around and use them for anything. We decided to stop budgeting them and that is why they are seeing that reduction. Under Miscellaneous Revenues, it was important to note that we have $1.4 million. That is interest money that we have received, but our cash is going down, so we will not have as much interest coming in. That is why there is a decrease in miscellaneous revenue. With Wastewater Expenses,

it is pretty much the same because there really is no change to capital projects, and they are pretty much in line. One thing they will notice in both water and wastewater is the contract services that were in their collections and distribution have now been moved to other areas because they are now in-house for meter reading. They will see some of that shifting around, and they included notes in the proposed budget books on that, so that made some of the divisions move around a little bit. Under Current Capital Projects. With the Venetian Isle system upgrade, we are 70% done, and it should be done in October 2025. The Turnpike is widening again, just like water. It is 90% design, and we have another $1.5 million there. With the Turnpike Plant Expansion, they are saying it should be done by October 2025, and we do expect some savings on this of around $2 million, but we will not know until we have completed the project. Those projects will then affect the cash, because we have to pull those projects out of there. On Capital Projects, there is not much there, because we are planning to add that $20 million from the supplemental Hurricane Fiona and Ian funding that we were awarded. Right now, they are working with Dewberry to get a list of projects, which would be to upgrade the Canal Plant and the North Sewer System to include the lift stations. Those are some of the projects that they are having Dewberry look at. Once she is provided that list of projects, she will put them in, but right now that is why they are not seeing a lot of capital projects. **Commissioner Pederson** questioned if she felt good about the $20 million? **BD McDaniel** stated that we have been awarded that money. **CM Minner** added that they are working with the state on different things and where we will spend them. The first one is getting back with the engineer to come up with concepts. We do see most of it going into improvements at the Canal Plant and other infrastructure changeouts. **BD McDaniel** asked if there were any other questions. There were none.

<u>Solid Waste</u>:
The solid waste cash is down, but that is because of Hurricane Milton, and we are awaiting $750,000 for Hurricane Milton, which will bring this back up. The reserve on this is $1.4 million, so we are right there. However, when that money comes back in, it will put the cash back up. We are currently waiting for the controller to sign off on some of the FEMA funds. We are at the last step, and we are just waiting to receive that payment from them. Once we receive it, it will help this fund out. **Mayor Reisman** wanted to know if they could anticipate when we would receive those funds. **BD McDaniel** responded that it should be any day. She is hoping it will be any day, because we have been hounding them, and they keep telling us that everyone is in the same boat, but she was hoping in the next month we would have them. With the Solid Waste Rates, they are proposed to go up by 5% for FY 26. Again, she showed that Leesburg is still at the bottom with our rates compared to others in our area. It is due to increased personnel costs, tipping fees have gone up and increased operating costs, so that is why we are proposing this increase. On the Solid Waste Revenues, the chart shows differently than the proposed budget book because we went back, and added in the $20,000 for the arts civic funding, which is paid out of solid waste. That is why this changed a little bit, and she did not want the commission wondering why the numbers were different. She showed a chart of the Solid Waste Expenses, and they can see where the commercial went up and that reflects the landfill tipping costs, which is a big increase. Then, with the Civic Funding, that was also adjusted to show that the Art Festival is getting $20,000 more than they did the year before. She asked if there were any questions about this fund. **Mayor Reisman** said he knows that we talked about the cemeteries, but is there any way of getting preliminary numbers before the budget is signed off on October 1st? **CM Minner** wanted to clarify if he was referring to the city managing it? **Mayor Reisman** responded yes and/or if the contractor manages it. **CM Minner** answered that he would get one. **Mayor Reisman** said that fund could cover a couple of full-time employees. **Commissioner Berry** pointed out that they handle both cemeteries in Leesburg.

<u>Stormwater</u>:
BD McDaniel showed the cash graph for Stormwater. The reserve is $507,000, so as they can see, we have quite a bit of money out there. One thing to note is that we do need to update the stormwater master

plan, which will help drive upcoming projects. That will also help us identify more projects that we could do. The revenues are adjusted because we did put the Berry Park Stormwater Improvements in for $150,000. It was using more of the cash to do that project and that was the change to make that work. **Commissioner Berry** asked if that would include the other area reservoir where it flooded off Talladega? **CM Minner** responded yes. **Commissioner Berry** said she just wanted to confirm that was all connected. With the Stormwater Expenses, they can see where they were adjusted from the books because capital projects went up by $150,000 to allow for that project. **BD McDaniel** showed the list of the projects that they were proposing, which included the Berry Park Improvements. It is a simple plan, but they were hoping to update the master plan so they could figure out where we would go next.

Airport:
Continuing, the Airport Fund has a lot of cash. With the airport fund from October 2024 to October 2025 reflects the Blurock sale of $2.6 million. So, the cash is growing, and the reserve is only $370,000. It is important to note about the airport revenues, that the intergovernmental are grants, and that increase shows that we are doing more projects, which is why we will have more grant revenues and that is what the increase is. Other than that, this fund remains relatively the same. Moving to their expenses, we can note that the reserve went up, so we are planning to put more money away compared to the year before. Referring to the Capital Projects slide, she showed the projects that they were currently working on, and the Corporate Hangar Construction is going out to bid next month. The Fuel Farm will go to DRC next month, and we have approved grants for both of these projects. The Veterans Road Infrastructure Construction is out to bid, and it should be back at the end of the month. Then, with the Taxiway Delta, A1, A2 and A3 Construction, they are waiting for the grant, and then they already have the contractor selected, so that project should move forward. However, there are a lot of current projects going on right now, and a lot of the projects are funded through grants. Under Capital Projects for 2025-26, they have land acquisitions at $500,000. That is there, so if anything were to come along, the airport manager could get it. Then we have a roof replacement for the Sun Air Aviation Flight School, and we have other improvements that include the Wildlife Fence and the Taxiway Rehab Engineering that were also in the current year's budget. **Commissioner Burry** questioned the land acquisitions. What are we talking about there? **Airport Manager (AM) Tracey Dean** replied that this line item may just move on down the road. However, the thought was for the condo association, which are private units. So, if there was an opportunity, and if there was an opportunity to develop and get a curb cut off from US Highway 441 on the south side of Runway 13, because there are a couple of private landowners there that have marketed their property in the past. She did not know if they were still currently on the market, but they were really ridiculously high. However, if they were to come down, it borders right there, so that would be a benefit. **Commissioner Burry** wanted to know if they would still have to exit on US 441 and come down. **AM Dean** said there would be a third entrance to the property near Runway 13. If they were to ever develop that side of the runway, they would not be able to utilize Airport View to cross over the safety area with vehicles. **BD McDaniel** asked if there were any further questions about the airport. There were none.

PENSION TRUST FUNDS
Continuing, **BD McDaniel** said all three pension funds are very well funded. The police pension funding ratio is 84.1%, the fire pension fund is at 85.2%, and the general employees' pension fund is at 98.1%. All three funds are very highly funded. With the police pension, it is important to note that the contribution did go up. When the actuary did the report, we were told we needed 14.81% but the changes that were approved at last night's city commission meeting changed the percentage to 21.97%, which was changing the multiplier and adding some of the drop benefits. That is why we see the employer contribution going up. The increase for the employer is $560,871. That is the increase that they will see there. She provided a slide that showed where we have been and where we are at for the dollars that we put into the plan. With the police pension expenses, those are really a budget for her and anything under the reserve helps the plan and the actuary plans on that. So, it is pretty much for her so she can have a

budget to pay the bills and stuff like that.

The fire pension decreased from 42.67% to 41.26%, and we are working through that percentage because it seems high to them, so they have scheduled some meetings with the actuary because we think they may be calculating it differently than what we would like. So, we will work through some of that. She believed that percentage was a little high, and it may not be accurate, but we are working through that. However, regardless, the dollar amount is $1.3 million, which is what the city would have to contribute. We did increase it by $132,763 to add some of the benefits that were approved, like the one hundred hours of overtime and the drop benefit. They were trying to add some extra because we know that will be a hit to the budget next year. It is important to note that the members' contributions are going up because it went from six and a half to seven and a half and that is why the employee contributions went up. She showed the slide covering expenses and asked if there were any questions about the fire pension? There were none.

With the general employees' pension, this is the fund that we were over-funding from 2023 through 2025. This year it dropped to the $224,000 contribution that we had to make. We felt this was the year when we could say, okay, we could take some of that money and do something else with the 401 program, which is why we dropped this contribution to $250,000, because it is only required to be $224, and then we would do an up to 3% match for the employees. So that was how we got that money. It was by reducing this contribution. That is why you see the employer contribution going down, and it is 98.1% funded. We do not see that being an issue. By freezing the fund back when they did, they can see what it did. There are about one hundred active employees and there are about six hundred people in total that have a benefit there. She also showed a slide of the expenses for the general employees' pension fund.

INTERNAL SERVICE FUNDS

With the health insurance, she showed the cash graph. Health insurance is continuing to be a struggle. We currently have a reserve of $1.6 million. So, right now we are a little bit below the reserve. However, one thing about this fund is that the city contributes what they are going to contribute regardless of the employees. So, we build in rates, but if the city says you are going to contribute, we budgeted to contribute $2.2 million, we are going to give $2.2 million. The graph she provided did not fully reflect that contribution at the end of the year, which she still has to do to true that up, because we let the payroll go, and then we will true it up at the end of the year. We are constantly watching this, and they can see the health insurance revenue. The employee contribution is very steady, and the employer is not much different. It is pretty much right around the same amount of money. The retiree contribution has gone down a little bit, but that is because the retirees that are on insurance have gone way down. On October 1, 2021, we made a change, and we had about eighty people then, and now we are down to thirty-three retirees that are on the plan. So that change made a lot of people get off the plan, and they found another avenue for their insurance, and that is why they see some of the contributions going down for the retirees.

With health insurance claims, we just received the claims yesterday for June and they were up. It was over $900,000. Referring to a slide, she showed the spike for June, which was $929,000. They are constantly monitoring this because every month when it comes in, we look at it to figure out the best plan that we can. The human resource director has been trying to come up with ideas, but there really is not much right now, and we are watching the stop loss, so we do not have to pay over a certain amount. However, there are a lot of claims right now and they are very expensive. We are constantly watching it. If they remember last year, we had to true it up with some general fund money. If we have to do it again this year, maybe we should use the various funds that the employees are in and allocate them out, because those funds do have cash. However, we may have to shore up the subfund at the end of the year.

Right now, we are unsure that we have enough budget for the claims. We are not proposing rate changes for any of the health insurance rates. **Commissioner Berry** asked if this was due to more people getting sick or is it more serious illnesses that we have to cover. **CM Minner** responded that it was the latter. We have recently received a lot of claims, and we have had a good handful of claims that are substantial payments. He could not underscore enough what a great benefit this is for the employees. We have had a number of high claims, and we funded them with cash. He does not think we have changed the employee contribution since 2022. It has been a great benefit, and we have been very cautious about increasing the cost of employees while we continue to cover the rising medical costs. Each year we keep saying we will come back waiting for a good year and that year has to be coming around.
Commissioner Berry wanted to know if this has been since covid? **CM Minner** responded no. The claims are HIPAA stuff, and we do have that information, but we cannot share it. However, they are catastrophic medical things not related to covid.

Continuing, **BD McDaniel** said the health insurance revenues for the employees are up a little bit. The employer contribution is up from $5.4 to $5.7 million and at the end of the year we will pull over $5.7 million and give it to the fund because we will always make it whole. The retirees went down from $518,620 to $456,576.

Moving on to health insurance expenses. Blue Cross Blue Shield are the claims, and that is the health insurance number. The Wellness Clinic is up a little bit, but we are adding physical therapy, which the physical therapist started this week. That is an additional service that was approved this year. It has just taken a long time to get someone in there. That is another service to try to help people get some physical therapy. They are also going to do annual physicals for the police and fire, so we will not have to pay someone else to do that. When new employees come in for police and fire, they will be able to go over there, and we will not have to contract that out. We will see how that works, but they are starting this week, which is the increase for the Wellness Clinic. She asked if there were any questions about health insurance. There were none.

The workers' compensation fund does have quite a bit of money. If they remember, back in 2021, we upped the rates because we were struggling because we had negative cash. At that time, we doubled the pay in rates for all the various funds, and we left those rates doubled because it has now allowed us to pull some of that for the health insurance costs. In this budget, we are proposing to transfer $474,000 over to the health insurance fund. That is why she does not want to use those funds this year if we have to shore them up. She would wait and maybe use other cash that we have and use these funds next year. She showed a chart/graph of some of the claims that the city has, and they are not too bad. June did look a little bad, but that was just one thing we had. With the workers' compensation revenues, those look pretty much the same. Under the workers' compensation expenses they will see the transfer of $474,320 to the health insurance fund. She asked if there were any questions about workers' compensation. There were none.

Fleet Services:

Police (4) Vehicles	$272,000
Fire Ladder Truck (2-3 Years before Payment)	$1,500,000
Water (1) Truck	$48,000
Wastewater (2) Trucks	$136,000
Solid Waste (1 Commercial Truck, 1 Claw Truck)	$290,000
Stormwater (1 Dump Truck)	$175,000
Public Works (3 Trucks)	$147,000

Recreation (1 Truck)	$48,000

Fleet vehicles keep getting more expensive. A couple of years ago, we increased the lease rates to 100%, and we still have them at 100% for this year. Every fund will have to pay 100% of the rate that we have established in order to get their vehicles replaced. The reserve on this fund is $829,000. She showed a slide that covered the revenues, and we are using $520,112 of that cash. However, one thing about that is that we are planning to buy a ladder truck. With the expenses, they can see that capital projects are up and that is all due to the ladder truck, but everything else looks about the same. We do not have a reserve because we are using everything we have to get that ladder truck. The ladder truck does take time to get, so we will not make that payment for two to three years, which is why we are okay with the $1.5 million purchase, because that cash will grow. We do have the money now, but it could possibly be three years before we make that payment. They are looking to replace their 2003 ladder truck. **Commissioner Berry** wanted to know what happened to the old truck. **BD McDaniel** explained that it would be auctioned off. **CM Minner** added that Chief Mera said it was worth $80,000. We bought it for $1,000,000, and we have had it for twenty years, and we will get $80,000 out of it. **Commissioner Berry** asked if they use it for parts for trucks? **CM Minner** replied that they sell them internationally to places like Central America. **Commissioner Berry** wanted to know if that was the average for keeping a truck? **CM Minner** responded that if she were to ask the fire chief, that answer would be no. He would say ten to fifteen years. If she were to ask the city manager, that answer would be yes, because he would say between thirty and fifty years. So, if they were to balance out his answer with the fire chief's answer, it would come out to about twenty years. **BD McDaniel** stated unless there were any questions. That completes the presentation. **Mayor Reisman** asked if there were any further questions. There were none.

CM Minner thanked the budget director, the department heads, and the team for putting together the budget. We do a lot of work before it gets to the commission. We minimize some of the crazy decisions and keep them going and that is one of the best things we do in the organization is manage the funds. **Mayor Reisman** reiterated that because the budget director did a phenomenal job along with the city manager and all department heads, and it was a very smooth budget process. **BD McDaniel** informed the commission that they did not have to hold another workshop on Thursday because that meeting was only if necessary. **Commissioner Pederson** thanked the budget director for doing a great job. This is a good budget, and it makes their job a lot easier. It is great to see the city in such great financial shape all the way around. **Commissioner Berry** stated that she liked doing the highlights instead of going through each page and section. It really helped to see the bigger picture. **Mayor Reisman** added that he liked the detailed explanation at the end of each budget because it explained the increases, which alleviated some of the questions they may have otherwise had to ask. **Commissioner Berry** asked if there were any questions or concerns before October 1st. Do we have to come back as a commission, or can we just submit the questions individually? **CM Minner** answered that if they had any questions or concerns, they could submit them to him verbally, by text or in writing, and he would bring them back to the group if he could not answer them. Also, remember when we talked about the general fund, we stated we would bring back pieces of that budget to you from now until we have the budget hearings in September. So, first up will be the resolution for the rate modification and, actually, at last night's regular meeting they did three things. They did the DR-420 on taxes, and they approved the two CBAs, which were two significant actions that involved the general fund. The retirement staff that we did and the changes to the PBA and the IAFF require ordinances to change the pension formulas. The modifications we will do for the general employees on defined contribution plans will also require resolution, so those will be coming to the commission separately. We will also bring a rate resolution that modifies all the rates as discussed. Those will all come to you sometime in August, because that is the goal. There is a chance to negotiate, stop or discuss further some of the big issues, and we will check back in with the commission periodically because we still have the $425,000 and the tax question to talk about in the general fund. **Mayor Reisman** wanted to verify that the impact fees would also come up during that time frame. **CM**

Minner replied yes. The impact fees are separate and apart from the budget, but on that note, he would anticipate that they are ready, and they should come before the commission at the first meeting in August. There was also a change this year that was caught very late, like a couple of weeks ago. The city attorney spoke with him and the extraordinary circumstances measure to increase the impact fees was modified by the state legislature during this year's session, which was a very quiet change. So, we were gearing up to do the extraordinary circumstances change the impact fees, which were two public reviews and then the public hearings, and then the supermajority vote was needed to increase beyond 50%. So, we were angling to go from about $2,800 to about $4,080 on sewer, so that news is a bit of a wrench in the plan, and they have to reevaluate that. Long story short, we will be bringing that to the commission shortly. It will probably be the August timeframe, the impact fee concepts and where we need to go with that. **Mayor Reisman** asked if there were any further questions. There were none.

3. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they 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." The City of Leesburg does not provide this verbatim record.

With a motion by Commissioner Burry and a second by Commissioner Pederson, the meeting adjourned at 6:05 p.m.