



Ocala

City Council: Work Session

Minutes

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

Tuesday, August 12, 2025

12:00 PM

Fiscal Year 2025-26 Budget

1. Call to Order

2. Roll Call

Present: Mayor Ben Marciano
Pro Tem Ire J. Bethea Sr
Council Member James P. Hilty Sr
Council Member Jay A. Musleh
Council President Kristen M. Dreyer

Excused: Council Member Barry Mansfield
Council President Barry Mansfield

3. Public Notice

Public Notice for the August 12, 2025 City Council Work Session Meeting was posted on August 8, 2025

4. Topic for Discussion

4a. Fiscal Year 2025-2026 Proposed Budget

Presentation By: Tammi Haslam

City Budget Director Tammi Haslam presented the proposed FY 2025-2026 budget, totaling approximately \$1.152 billion. She outlined key dates, including public hearings scheduled for September 3 and 16, and the fire assessment hearing on September 11. The Community Redevelopment Area (CRA) Board is also scheduled to review the CRA budgets on September 3.

The General Fund is balanced at the current millage rate of 6.6177, with a total budget of \$188.1 million. Maintaining the flat millage rate is projected to generate \$53.6 million in ad valorem revenue, an increase of over \$5 million from the prior year. The fire assessment is expected to generate \$18.2 million, with no changes to its structure or rates.

Transfers from the City's enterprise funds total approximately \$29.8 million. This year's budget does not rely on a fixed percentage of revenue for these transfers, reflecting a strategic effort to reduce dependency and support enterprise fund growth. The General Fund reserve is fully funded at 20%, ensuring adequate cash flow and emergency preparedness.

The budget includes continued support for local nonprofit organizations and accounts for

employee wage adjustments, pending union negotiations. A \$2.6 million increase in health insurance costs is addressed through a modest increase in employee contributions. Public safety remains a top priority, with 45% of General Fund allocations directed to police and fire services. The presentation concluded with a breakdown of revenues and expenditures across departments, emphasizing the City's commitment to fiscal responsibility and service delivery.

City Manager Pete Lee noted the sponsorship budget has remained consistent for at least the past four years. While the allocated amount does not change, the organizations supported have also remained largely the same. Staff are currently working with Chief Financial Officer Janice Mitchell, City Attorney Will Sexton, and the Community Foundation to formalize an agreement that will provide clearer guidelines on how the sponsorship funds are distributed.

Ms. Haslam stated Enterprise Funds have all met their minimum requirements with balanced revenues and expenditures. The Airport Fund, in particular, has remained stable due to property sales and ongoing development. This financial stability is essential for leveraging state and federal grant opportunities, which are a primary funding source for capital projects. Any grants received during the year are brought to Council for approval at that time.

Council President Dreyer questioned a \$50,000 expense to fix paint errors. Mr. Lee responded it was a contractor's error and he would get more information for Council.

Ms. Haslam provided an overview of the Enterprise Funds, noting stable operating expenses and planned capital investments across departments. Highlights included Electric Fund facility upgrades, continued growth of Ocala Fiber Network, and increased capital needs in Water Resources. She also presented the proposed Capital Improvement Plan totaling \$76.35 million across 60 projects, emphasizing infrastructure reinvestment and departmental readiness to address questions.

Council Member Musleh inquired about the location and usage of the Silver Pines Walking Trail. Parks and Recreation Director Julie Johnson explained its location off East SR 40 and noted that while not the most heavily used, it serves a valuable purpose for neighborhood residents due to limited sidewalks. She also discussed resurfacing costs, expected lifespan of improvements, and the importance of proactive maintenance to reduce long-term expenses.

Mayor Marciano asked about the Fire and OPD First Responder Training Facility projects. City Engineer Sean Lanier confirmed they are part of a joint, co-located campus currently in conceptual design. The project will be phased, with the fire training component likely starting within 18 months. Approximately \$3 million has already been set aside for the fire facility, with additional funding added annually. No funds have yet been allocated by OPD.

Ms. Haslam reviewed Transportation and Stormwater projects. \$400,000 has been budgeted for the parking lot improvement program, as well as \$5.6 million for the

transportation rehabilitation and improvement program, and \$2.3 million for the drainage rehabilitation and improvement program.

Council Member Musleh inquired about planned roundabouts at SE Fort King Avenue and SE 19th and 22nd Avenues. City Engineer Sean Lanier confirmed the roundabouts are part of the Southeast Ocala Traffic Calming Study, which also includes lane reductions, bicycle lanes, and improvements near the school. Lanier assured the roundabouts will be full-sized and designed to accommodate large vehicles such as buses and fire trucks.

Ms. Haslam presented the proposed FY budget for various departments. Facilities Maintenance projects total approximately \$3.89 million. Fleet is recommending \$14.8 million in vehicle and equipment purchases, including \$6.7 million for public safety. Growth Management has 17 CRA-funded projects. IT proposes \$1.79 million in technology and security upgrades. Ocala Fiber Network plans \$5 million in capital improvements. Recreation and Parks projects include new pickleball courts, resurfacing, and facility upgrades. Water Resources proposes \$21.9 million in system-wide improvements, funded through multiple sources.

Ms. Haslam concluded with highlights from the FY 2025-26 proposed budget. The General Fund is balanced at \$188.1 million with no change to the current millage rate or fire assessment. Reserve requirements and approved raises have been fully funded, and all CIP requests are included. She noted future challenges such as rising personnel and material costs, potential impacts from tariffs, and a possible 2026 ballot amendment affecting ad valorem taxes. The Budget Office is working on a long-term financial plan. Ms. Haslam expressed appreciation to the Mayor, Council, City Manager, and staff for their support and collaboration.

Following up on the question about the airport repainting expense, Mr. Lee explained that approximately four years ago, Taxiway A was repaved and repainted, including the hold short lines. During a recent FAA inspection, it was determined that the hold short lines were painted two inches off specification. Although airport staff initially argued this was a minor rounding error, the FAA did not accept that justification. Since the original contractor had gone out of business, the City was responsible for correcting the issue to meet FAA standards. The repainting has since been completed.

The City is considering a ballot amendment in the year 2026, to modify or eliminate Ad Valorem taxes, and the Budget Office is working on developing a long-term plan to identify the needs of the organization and locate viable funding sources. She recognized Mayor Marciano, City Council, and City Leadership heads, for their great leadership and support. She confirmed the Ad Valorem tax for homestead properties is estimated at \$8 million.

Council Member Musleh asked Ms. Haslam to confirm the estimated financial impact of eliminating ad valorem taxes on homesteaded properties. Ms. Haslam stated the estimated loss would be approximately \$8 million. Mr. Musleh emphasized the importance of identifying a replacement funding mechanism and noted that discussions

at the state level are ongoing. Council President Dreyer suggested City staff continue to monitor developments closely and provide updates as more information becomes available. Mr. Lee agreed and assured City Council that staff will keep them updated on funding sources related to tax revenue generation.

Council Member Hilty expressed concern regarding the use of the term “tariffs”, as the economy has not shown tariffs have impacted the market.

Council President Dreyer asked for clarification on several budget items. Ms. Haslam confirmed that the \$474,000 request for a CRA Specialist includes associated equipment such as a vehicle and computer. She also explained that the nearly \$2 million increase in the Executive and Legislative budget reflects the transfer of three existing staff members to the City Manager’s Office. Additionally, the reduction in Growth Management staffing from 63 to 37 is due to the Building Department being moved to its own separate Building Fund.

Council President Dreyer asked about the \$2.3 million increase in the IT Department budget over two years. Mr. Ramos explained the increase is largely due to the consolidation of physical security systems, collaboration with OPD on surveillance infrastructure, and compliance with state cybersecurity requirements. He noted upcoming projects such as website redesign, replacement of outdated time clock systems, and enhancements for citizen engagement. While some future costs are anticipated, the recent increases reflect necessary upgrades and are not expected to continue at the same rate annually.

Council President Dreyer asked Planning Director Aubrey Hale about new fees in the schedule, including a \$15,000 CDD development review fee. Ms. Hale explained the fee is set by state statute and was added due to increased activity. She also clarified that fees for substantial changes to Planned Developments (PDs) apply when modifications require board approval, such as changes to density, architecture, or PD standards. These definitions are documented within the department.

With no further discussion, the meeting was adjourned.

5. Adjournment

Adjourned at 12:44 pm

Minutes

Kristen M. Dreyer
Council President

Angel B. Jacobs
City Clerk