The Zephyrhills City Council held a Budget Workshop on July 13, 2026 at 4:30 PM in the Council Chambers of City Hall and Via GoToMeeting (646) 749-3122 - Access Code: 855-960-693. Council President Steven F. Spina, Ph.D., called the meeting to order at 4:30 PM

Roll call was taken. Present were members Steven Spina, Jodi Wilkeson (arrived at 4:31 PM), Lance Smith, Kenneth Burgess, and Charles Proctor. City Manager William Poe was also present. Mayor Melonie Bahr Monson and City Attorney Matthew Maggard were absent.

Staff present: Chief of Police Derek Brewer, Public Works Director Shane LeBlanc, Building Official Kalvin Switzer, Airport Manager Nathan Coleman, Library Director Peggy Panak, IT Specialist Tony Burns, CRA Director Gail Hamilton, Human Resources & Risk Management Director Sandra Amerson, Planning Director Rodney Corriveau, Historic Preservation Specialist Will McCaw, GIS/Community Planner, Finance Director Ted Beason, Public Information Officer Kevin Weiss (virtual), Public Information Officer Intern Tembria Thompson, Officer Seth Healy, Assistant City Clerk Eileen Mercado and City Clerk Ricardo Quiñones.

1. BUDGET WORKSHOP ITEMS

1.1 FY 26/27 Draft Budget Presentation

City Manager William Poe presented the proposed FY 2026-27 budget of approximately S 186.9 million, representing 95% of the City's asset value, and current proposed millage remains 6.25 mills which is up from the rollback rate of 6.2375 mills. The workshop provided Council an opportunity to review projected revenues, expenditures, reserve balances, capital projects, and long-term financial planning priorities prior to the formal budget hearings. Staff noted that projected property tax growth is the smallest experienced in approximately a decade, reflecting a leveling of property valuations following several years of double-digit increases.

Staff reviewed the potential fiscal impacts of proposed Amendment No. 3, which, if approved by voters, would substantially increase the homestead exemption beginning in Fiscal Year 2027-2028. Council discussed preliminary estimates showing an annual General Fund revenue reduction of approximately S2.3 million in the first year, increasing to approximately $3.2 to S3.5 million in subsequent years. Council expressed concern that the potential loss of ad valorem revenues could affect future operating budgets, capital projects, and debt planning, emphasizing the need for a conservative financial approach until the outcome of the constitutional amendment is known.

Council noted that the projected revenue reductions could require delaying future capital projects, slowing expansion of City services, or relying on reserve balances until additional commercial development begins generating tax revenues.

Council discussed projected tax revenues associated with Bauducco, MiTek, and the proposed Project Wonka development. Staff explained that while these projects represent significant long-term investments, the City would not realize substantial ad valorem revenues immediately because of construction schedules, certificates of occupancy, property valuation timing, and existing economic development incentive agreements. Council discussed how future industrial growth will help offset anticipated revenue reductions over time. The discussion centered on the City's long-term strategy of expanding its commercial and industrial tax base to reduce reliance on residential property taxes.

Council reviewed assigned and unassigned General Fund reserves, including reserves designated for Zephyr Park and the City Yard project. Staff explained the purpose of reserve balances and discussed maintaining adequate reserves to address emergencies, major capital needs, and potential revenue reductions associated with Amendment No. 3.

Council reviewed the proposed five-year Capital Improvement Program, including transportation, parks, utilities, public facilities, fleet, library improvements, and CRA projects. Discussion focused on project priorities, anticipated funding sources, project timing, and distinguishing projects that are committed versus those that could be deferred should future revenues decline. Council emphasized the importance of distinguishing projects that are contractually committed from those that could be delayed or phased if future revenues are reduced

Council requested that future budget presentations identify anticipated funding sources for each major capital project, including General Fund, enterprise funds, impact fees, grants, debt proceeds, and other dedicated revenues to assist in evaluating project priorities.

Council discussed the potential benefits of employing an in-house civil engineer to reduce reliance on contracted engineering services and provide additional technical expertise for development review and infrastructure projects. Staff noted that engineering salary information has been incorporated into the compensation study and agreed to further evaluate the proposal and potential long-term cost savings.

Staff advised that updated preliminary construction estimates for the Zephyr Park Redevelopment Project currently exceed the original project budget by approximately $9 million. Staff reported that value engineering efforts are underway to reduce project costs while preserving the project's critical stormwater improvements. Council discussed prioritizing essential project components, pursuing additional grant funding, and modifying the scope of improvements where appropriate. Staff also advised that renovation of Alice Hall may be more financially feasible than complete replacement.

Council discussed the City's long-term water supply strategy, including conversion of an agricultural well to potable water production, future well locations, development reservation capacity, and ongoing water system modeling. Discussion included balancing immediate infrastructure needs with long-term planning while ensuring adequate water capacity remains available for future residential and industrial development.

Council also reviewed transportation projects, including roadway hotspot improvements, school safety enhancements, sidewalk connectivity, and the City's long-term trail network. Staff provided updates on design work, transportation impact fee funding, and coordination with Pasco County on future trail connections. Discussion also included coordination between Planning, Public Works, and the CRA to develop a connected citywide trail and sidewalk network as funding becomes available.

Council directed staff to continue refining the proposed budget by identifying funding sources for capital projects, prioritizing essential expenditures, evaluating reserve utilization, continuing value engineering efforts for Zephyr Park, and preparing an updated budget for future workshops and public hearings.

The meeting was adjourned at 5:50 PM.
Submitted by Ricardo Quiñones